



Daily Report

East Asia

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Japan

Takeshita Holds New Year's News Conference

*OW010647 Tokyo NHK General Television Network
in Japanese 2330 GMT 31 Dec 87*

[Prime Minister Noboru Takeshita's New Year's news conference with reporters assigned to the cabinet, held at the prime minister's official residence on 28 December; reporters asking questions not identified—recorded]

[Excerpts] [Reporter] Mr Prime Minister, a Happy New Year to you.

[Takeshita] A Happy New Year to you.

[Reporter] The Takeshita cabinet was inaugurated on 6 November last year, and on the 6th of this month it will be 2 months since the inauguration. During this period, we have seen the extraordinary Diet sessions, your visit to the Philippines, and the compilation of the 1988 budgets. As you have encountered no serious problems, we can say that your cabinet has made a smooth start. To begin with, we would like to hear your specific plans for your cabinet in the coming year and also your general ideas, including your New Year's aspirations.

[Takeshita] As this is the new year, I would like to review the year that has just passed. As you have just mentioned, I was appointed prime minister on 6 November, and I feel that I have tried, since then, to handle my daily work with great caution and calmness of mind [hei-joshin]. As you have pointed out, we have held extraordinary Diet sessions. At these sessions, an accord was reached among all the parties on the land issue, which has been an important problem confronting us, and a special committee on the land issue has been set up. This indicates that conditions have been created to deal with an important issue, and I highly value this measure. I have also asked the members of the research council on the tax system to study what will be the best tax system to deal with the future of our aging society, and requested the council to submit its recommendations. Of course, we have made this request because of our reconsideration of other issues, including the sales tax issue. We have been studying these issues energetically since last year.

Regarding my visit to the Philippines, although I had met many of the leaders before, it was my first visit there since I became prime minister. We have exchanged our views very frankly. Needless to say, as an Asian country, Japan has to play a role in the area's economic field. I also feel it is good that a mutual accord was reached on cultural exchanges so as to further promote interpersonal contacts.

Next comes the compilation of the budgets. As I have long served as finance minister, if I should venture to say what Takeshita's financial line is, I would say it lies in financial reconstruction. With the cooperation of our

fellow countrymen, there is now a possibility that we can end our reliance on the issuance of deficit-covering bonds in fiscal 1990. While adhering to this financial policy and with our people's cooperation, we are able to work out well-balanced budget plans that meet requests not only from the home front but also from international circles, for expanding our domestic demands. These are the so-called footsteps we took last year.

We do not plan particularly to square our shoulders this year. [as heard] However, as everyone is likely to feel at New Year, family members usually get together to share something like richness in mental life, and we hope that the coming year will be the same. We want a livelihood without inflation. In other words, our people want to have a livelihood in an economy which is growing with stability, namely with stabilized commodity prices.

Meanwhile, I will start this year's diplomatic agenda with a visit to the United States. As Japan has thus far made advances in the international community, there are some obligations that Japan has to fulfill to make further contributions. And I hope that this year our people will see that these obligations are justifiable.

My remarks may seem to be rather lengthy but these are the ideas that I have in mind.

[Reporter] You will visit the United States beginning the 12th of this month. I also understand that you will have a full diplomatic agenda this year. We would like to ask you about your ideas concerning your possible political agenda this year, including the diplomatic agenda, as viewed from the various points that you have just mentioned.

[Takeshita] In January, I will visit the United States and for the first time I will meet the leader of the United States in my capacity as the leader of Japan. In this context, I will try to further promote trusting bilateral relations and further deepen our mutual understanding. As you may know, our two countries are economic powers—when the production of our two countries is combined, it amounts to one-third of the world's total production. In this context, I hope that as top leaders of our two countries, we can confirm with each other the roles we have to play in the world economy.

Next I will address the Diet sessions in my political agenda. Speaking of the Diet sessions, what is most important, naturally, is that since the budgets aimed at expanding domestic demands have been compiled, we would like to seek the cooperation of opposition parties to close debates and smoothly pass the budget bills so that the budget plans can be carried out without delay or interruption.

During the Diet sessions, the new ROK president will be inaugurated, and with the Diet's approval, I would very much like to attend this ceremony.

Furthermore, there are some issues that are currently under deliberation in the Diet. While carrying on these deliberations, the tax systems issue will be studied by a council such as the government's research council on tax systems, the party's research council on tax systems, or the inter-party consultative council on tax systems—the formation of the appropriate council will also be a major issue. When discussions about the issue are complete, we will find out what accord will gain the people's understanding and support, and then start working to put the accord into practice.

You may wonder if I plan a visit to Europe as part of my political agenda. Since I have attended summits on five occasions in the past, I know many of the European leaders. However, I met them in my capacity as finance minister. I will next meet them as a leader for the first time. If I can get approval, I would like to further promote exchanges among top leaders as there are various individual issues to discuss, and if possible, I would like to meet them all before the summit talks. As for further diplomatic agenda, it goes without saying that this is the 10th anniversary of the conclusion and ratification of the Japan-China peace treaty. Therefore, at our mutual convenience, I would definitely like to pay a visit to China, if possible. Well, that is about as much as I can forecast about my political agenda at this time.

[Reporter] Your visit to the United States and Canada, which you have just mentioned, is imminent. Your scheduled talks with President Reagan are said to be the key point of this visit. What is your basic plan for the talks? Would you give us some more details?

[Takeshita] What I just said was too vague. Since the talks will be a summit between the two nations, it will very well begin, with a reaffirmation that Japan-U.S. relations are the axis of our country's foreign policy. I believe that the talks should begin this way, because Japan's administration has changed hands. Proceeding from that point, we will address overall international developments in particular, beginning with the compromise reached in the INF negotiations. Since the compromise marked a very auspicious event, I think both sides will mutually state and reaffirm their views that that compromise will lead to further reductions in East-West tension and progress in the cause of peace and disarmament.

Then, needless to say, there will be discussion of bilateral issues. This area includes a variety of problems resulting from our so-called economic friction. Here again, if our fundamentally friendly ties are firmly reiterated by the two leaders, a mutual understanding and a settlement of individual problems between respective working-level officials, I believe, can be reached.

However, the long-term budget bill recently passed by the U.S. Congress, which includes some cuts, contains amendments concerning Japanese public works programs and sanctions against Toshiba. It is regrettable

indeed that at the very time when the two sides are trying to solve their problems through talks, the Congress has imposed its will on them. I do believe, however, that these issues make up a task that can be solved through further talks.

Such economic problems may not be topics at the summit. However, in the process of reaffirming the strength of overall relations and friendly ties, efforts should be made to create sufficient environments to facilitate a settlement of them, too, if I am allowed to state my conclusion first. This is the task facing the Japan-U.S. summit.

I will now proceed to the topic of Canada. I have met with Canadian leaders at summits or on other occasions in the past. However, this year Canada is scheduled to host the annual summit of industrial democracies and I feel that as a matter of etiquette I should pay an official visit before then.

[Reporter] You have said that the exchange of views at the Japan-U.S. summit should be made from a global viewpoint, or words to that effect. Do you have any plans to make specific proposals as the prime minister of Japan concerning such issues as East-West relations and disarmament?

[Takeshita] No, at the moment I have no plans to make any specific proposals on the so-called disarmament and peace issues. But, as I have been saying in the Diet and other forums, although the compromise reached in the INF negotiations involves only 4 or 5 percent of the total of nuclear arms, it nevertheless means a cut when viewed from the overall nuclear weapons perspective, and therefore should be extended to the strategic nuclear arms and conventional arms issues and regional problems. With regard to future U.S. steps in these negotiations, we will support them as much as we can—for instance, by promoting a favorable public opinion. That fully explains my position, I think. [passage omitted]

[Reporter] I would like to ask one more question. As you have said, Japan should be a world contributor. This goal will lead us to think about, say, the defense issue or the question of a defense spending increase. I think that the United States has fairly high hopes in this area. How are you going to tackle this issue?

[Takeshita] Last year, under the previous cabinet, we concluded that when we consider expenses for U.S. forces stationed in Japan we have to think about differences in past and present circumstances. In the past, the ratio of per capita income between the United States and Japan was 7 to 1 while at present it is 1 to 1. Then, what can Japan actually do? From the economic viewpoint, we should realize the need to prevent the current sharp rise in the yen's value and other factors from leading to dismissals of Japanese workers at U.S. facilities in Japan. I think that I should take a decisive step in the near future in this regard. This is what I now believe.

[Reporter] Now, I would like to ask about economic frictions. You said that when friendship between the leaders of the United States and Japan was confirmed, individual issues would naturally be resolved between people in charge of respective fields. First, the plan to adopt a GATT panel's ruling regarding 12 agricultural items was carried over to the February meeting of the GATT. In addition to this and other agricultural issues, the two countries also have posed the question of allowing U.S. enterprises to participate in public works projects. How are you going to tackle these economic frictions between Japan and the United States?

[Takeshita] Basically, Japan should think about what country has benefited the most from free trade. When I think seriously about this question, I conclude that Japan's prosperity today stems from the free trade system. In this context, I feel more firmly that we should prevent the emergence of so-called protectionism and try to affect international opinions regarding this issue. When there is fundamental agreement between the leaders on this basic line, the two countries can work to resolve individual issues. You have just cited two cases of friction. Concerning the issue of agricultural products, despite much criticism, a GATT meeting in Geneva in December decided to delay the final conclusion until a council meeting in February. As you might know, the GATT abides by the decision of the majority. The decision to delay until the council meeting in February was thus made comparatively smoothly at the December meeting in which 95 countries participated. This naturally necessitates that Japan make full preparations for the February meeting. Therefore, ministries concerned are now holding extensive, final discussions regarding what steps will be most effective for protecting the GATT system, that is, the free trade system, and how each product should be dealt with from the standpoint of overall trade policy. Therefore, I expect that the two sides will reach agreement regarding appropriate measures through mutual understanding.

Concerning the issue of public works projects, there are arguments on how this issue should be dealt with. Some say that it should be handled in the so-called multinational way. In other words, they say that all advanced countries should get together and hold fundamental discussions. There is also mutualism, which seeks solutions through talks between two countries. I believe that progress will be made in talks on the basis of mutualism. Accordingly, our concern is what words will be exchanged in the summit talks regarding the two cases cited above: I believe that conclusions will be reached on the cases through mutual understanding by handling them as separate, individual issues.

[Reporter] My question is on how the Takeshita cabinet defines Japan-ROK relations. Would you also comment on how you will promote relations and dialogue with the new ROK administration yet to be inaugurated?

[Takeshita] The first thing I would like to point out—well some may say that it is only one of the many things—is that the upcoming Olympic games is the foremost big event. I have been involved in things like the fund-raising campaign of ROK nationals in Japan in support of the event. Personally, speaking of the atmosphere at this time, and of participating countries the picture of which we will see develop gradually, I do hope that it will prove to be a success; extending assistance to make it a success is the most important task facing us at this time, I think.

Looking back, an IMF-World Bank general meeting was held in Tokyo in 1964 and the Tokyo Olympics were held in the same year. That event indeed marked a great milestone for Japan to join the ranks of modern states or, one may say, advanced countries, I think. This makes me think of the IMF and World Bank general meeting held in the ROK in 1986, and the Olympics being held in that country this year. I, therefore, see a parallel in the good sense of the word and I would like to extend my wholehearted congratulations to that nation on behalf of all my fellow citizens.

In reference to a dialogue between North and South Korea, while I do not mean any interference in the affairs of a foreign country, I do hope that environments will become ripe for it. The Olympics may perhaps turn out to be something that helps to develop such environments.

Speaking of economic relations between our two countries, former Prime Minister Nakasone visited Seoul in January 1983 or exactly 5 years ago. Even before that—that is, in the days of the Suzuki cabinet—I was already involved in the \$4 billion loan program; that program, I believe, can be said to have contributed to improvements in the ROK economy or, I should say, improvements in the livelihood of that nation. Therefore, I think that the two nations can fill each other where they lack, especially from the viewpoint of industrial restructuring. Consequently, not only the two governments but the Japan-ROK and ROK-Japan parliamentarians leagues should promote further contacts. The Japanese parliamentary group led by former Prime Minister Fukuda is doing exactly that. In addition, economic and cultural exchanges and other types of exchanges should be expanded. By doing so, we should work for closer relations not only for the future growth of the ROK economy but also with the administration of the president elected in the recent great election, which was a democratic election indeed with so many people taking part in it. That is the way I feel about it.

[Reporter] Next, would you comment on how you think specifically about the timing of your visit to China if you have any such plan, although you already briefly referred to the visit earlier in this press conference? Also, with regard to the fact that China keeps saying that there is the

Kokaryo problem between the two countries, what position will you come up with on it by the time you make the visit? Will your visit have any connections with a visit to Japan by Mr. Zhao Ziyang this year?

[Takeshita] As I already said, this year marks the 10th anniversary of the Japan-China treaty. Practically, however, such questions as whether I will visit at a time to be mutually agreed on, or at the time of the celebrations for that anniversary, or at another time, are yet to be settled. Anyhow, I want to make the visit by all means.

In a nutshell, I feel that there probably is some difference, or a need for fuller mutual understanding I should say, between the two countries over such issues as the Kokaryo and COCOM [Coordinating Committee for Multilateral Export Controls] issues. You cited the Kokaryo issue. In that connection, I will seek the Chinese understanding about the separation of the three branches of government in our country. At the same time, I do believe that our responses should be based on our full understanding of the fact that there exist the principles confirmed in the Japan-China normalization of diplomatic relations and the Japan-China peace and friendship treaty.

With economic exchanges having grown as extensive as we see them today, we will naturally expect some individual frictions. I believe that they are the tasks that should be resolved within the expanded relations themselves. Therefore, I think that while respecting the fundamental principles at all costs, we should promote Japan-China friendship on a broader basis.

[Reporter] Next, I would like to ask a question about the Soviet Union. I understand that during the recent U.S.-USSR talks the so-called Japanese northern territorial issue was also discussed. What policy is Japan going to have toward the Gorbachev regime which is now pushing ahead with the so-called perestroika? Concerning exchanges of visits between the leaders of the two countries, you have said since the inauguration of your government that it is the Soviets' turn to make a visit. I would like to ask what prospects you have regarding General Secretary Gorbachev's visit to Japan.

[Takeshita] First, the Soviet Union is our neighbor. We cannot ignore our principled position that the territorial issue should be resolved after concluding a peace treaty. I believe that in a broad sense, the circumstances surrounding the United States and the Soviet Union have not been developing in an unfavorable direction as evidenced in the agreement on the INF issue at the U.S.-USSR summit meeting. Therefore, I think that Japan should pay continuous attention to this territorial issue. The two countries have many other individual issues such as fishery negotiations. Concerning Mr. Gorbachev's visit to Japan, I can say that the ball is now in the Soviet court. Japan is in a position to receive his visit. Therefore, at the present stage I cannot say when he will visit nor what the possibility is that he will visit.

However, I believe that everyone is hoping that the visit will be realized on the basis of talks between foreign ministers and through various other efforts.

[Reporter] On 23 December of last year, the Group of Seven [G-7] meeting, that is, the meeting of finance ministers and presidents of the central banks of seven nations, issued a statement that any further fall in the dollar's value is not desirable. People concerned with the market situation point out that the statement failed to show concrete measures for stabilizing the foreign exchange market. How does the government assess the current situation? Moreover, the people are anxious to know if the present high-yen cheap-dollar trend will be curbed eventually. What do you think about this issue and what measures is the government going to take to curb this trend?

[Takeshita] The G-7 statement, which you have just mentioned, is the most recent decision made regarding the current international monetary and foreign exchange issues. We also have the Louvre Accord, which was made before the G-7 statement. There is also the Plaza Accord, which was made on 22 September 3 years ago when I was serving as finance minister. Fundamentally, it is very hard to adjust the foreign exchange market artificially. It is hard to fix exchange rates at certain levels. However, if the G-7 nations have mutual consultations, monitor mutual situations, exchange views candidly, and carry out policy coordination successfully, the foreign exchanges will stabilize as a consequence. Therefore, I think that the Louvre Accord is still in effect and the spirit of the recent G-7 statement is still alive. In this regard, I would like to note the recent year-end moves to adjust market situations. Basically speaking, I believe that the Louvre Accord provides the very basis for a fundamental handling of this issue by each nation. Therefore, I would like to watch related developments in a cool-headed manner.

The United States has just begun taking measures to reduce the so-called dual deficits, one of which is the fiscal deficit. While calling on the United States to take these measures, Japan should also energetically work to increase domestic demands and open the market. I believe that the two countries should first share in the view that the foreign exchange stability can be reached when they have common relevant policies. As you know, Japan has reached today's economic prosperity through dependence on exports. As was pointed out, export industries will be affected by our efforts to increase domestic demands and open the market. Therefore, we should make a frictionless smooth shift in our long-range restructuring policy. At the same time, as was reflected in the budget compiled at the year-end we should be careful not to make employment adjustments improperly. As you might know, the national ratio of effective labor demand to effective supply stands at 0.81 on the average. This is a very good ratio. However, we should be careful in reassigning people to different jobs. Job placement is a difficult task when it involves shifts between different

industries and different localities and aged people. I believe that we should pay attention to this task as well in working out real measures to cope with the high yen.

Export industries have thus far propped up Japan's economy. Internationally, other countries are apt to think that the high-yen will be only beneficial to Japan as it means a boost in the value of its money. However, it should be noted that Japan's present prosperity is the result of its export-oriented industrial structure. We should work to obtain full international understanding of this fact. At the same time, we should seek to attain the ultimate goal of policy adjustment and coordination. Of course, it is proper to say that the monetary field is included in this effort for policy adjustment. [passage omitted]

[Reporter] This question involves something in the future. There is a widespread view within the LDP that you, Mr Prime Minister, will reshuffle the cabinet sometime in July after the conclusion of the ordinary Diet session. What are your thoughts about the timing of the reshuffle?

[Takeshita] Regarding the cabinet reshuffle, as I myself have assumed the post for only 2 months now, I hope you will understand that I do not have any such plans.

[Reporter] This will be the last question. I am sorry that my question involves something into the foreseeable future. [laughter] The election for the House of Councillors will be held next year. Former Deputy Prime Minister Kanemaru once remarked that it is preferable to have the double election, that is, to have elections for both the House of Representatives and the House of Councillors simultaneously. In connection with the issue concerning the tax reform this fall, there has been much talk about whether or not there will be a simultaneous election. We would like to hear your views on this speculation and also on the double election itself.

[Takeshita] First, I would like to answer the second part of your question. If the double election should be established as a fixed practice, I am afraid that it would involve something terrible. As it would be impolite to say that the practice would be tantamount to arguing that the House of Councillors is useless, I feel that it could lead to the argument for a one house system. It is stipulated in our constitution that there should be two houses in the Diet, and I personally prefer the functioning of the two houses, so I don't think it would be good to have this practice established as a fixed system.

Then, regarding the timing for the election or the right of dissolving the Diet, the issue concerning the right to dissolve the Diet based on either Article 69 or Article 7 of the Constitution has long been debated.

After all, in the sense that this is a supreme power which is based on political judgment, I feel that there should be no restraint on the right of dissolution. However, it will be more serious to let this right be abused arbitrarily.

[Reporter] This has taken much more time than the 1 hour it was scheduled for. In this connection, we would now like to conclude the conference. Thank you very much.

[Takeshita] Is that right? Thank you very much.

Stresses Good Ties With U.S.

OW050605 Tokyo KYODO in English 0541 GMT
5 Jan 88

[Text] Tokyo, Dec. 5 KYODO—Prime Minister Noboru Takeshita told the cabinet Tuesday he will do his best to establish a personal relationship based on trust with U.S. President Ronald Reagan during his upcoming visit to Washington.

Takeshita, speaking to the year's first cabinet session, stressed the importance of maintaining good relations with the United States which he said are the key for Japan's successful diplomacy, his spokesman Keizo Obuchi said.

Takeshita, who succeeded Yasuhiro Nakasone as prime minister last November 6, is due to leave January 12 for a nine-day visit to the United States and Canada.

Obuchi, chief cabinet secretary, quoted the prime minister as telling the session that he will call on Reagan to seek further progress in nuclear disarmament this year.

Takeshita also hopes he and Reagan can discuss what the two nations can do to resolve North-South issues, Obuchi said.

Vows To Reshape Economy

OW051155 Tokyo KYODO in English 1148 GMT
5 Jan 88

[Text] Tokyo, Jan. 5 KYODO—Prime Minister Noboru Takeshita Tuesday vowed all-out efforts this year to change Japan's export-dependent economy to one led by domestic demand.

Takeshita, speaking at a new year party sponsored by four major business organizations, renewed his call for sharing among the Japanese people the "pains" of reshaping the economy.

Ministry To Continue Market Intervention

OW040309 Tokyo KYODO in English 0301 GMT
4 Jan 88

[Text] Tokyo, Jan. 4 KYODO—Japan will continue to counter a dollar-selling spree through market intervention, a top Finance Ministry official said Monday.

The official, who insisted on anonymity, said the agreement reached in December by the Group of Seven (G-7) major industrial nations to stabilize exchange rates through international monetary policy coordination will bear fruit eventually.

He said the ministry has not yet received a request from other G-7 member states—the United States, West Germany, Britain, France, Italy and Canada—to call a meeting to work out measures to counter the present turbulence in financial markets.

He hinted that the continued U.S. dependence on borrowing foreign capital to fund its deficit-ridden federal budget might put upward pressure on U.S. interest rates due to the recent reluctance of Japanese and European investors to buy U.S. treasury bonds, thereby forcing the U.S. Government to call a G-7 meeting to stabilize currency rates.

If long-term interest rates rose to the 10 percent level, the U.S. Government would be concerned due to the recessionary effects of higher interest rates, he said.

Miyazawa Opposes Further Dollar Decline
OW050403 Tokyo KYODO in English 0340 GMT 5 Jan 88

[Text] Tokyo, Jan. 5 Kyodo—Finance Minister Kiichi Miyazawa said Tuesday the Group of Seven (G-7) major nations will continue full-scale market intervention to prevent turbulent movements in foreign exchange rates.

Miyazawa told a press conference after the morning's cabinet meeting that there will be no meeting of the G-7 nations before a meeting of the International Monetary Fund's (IMF) policy-making interim committee scheduled to be held in April.

Miyazawa said a further decline in the dollar might be dangerous to the U.S. economy and the G-7 nations would prevent any further speculative market moves.

Miyazawa also said he has no comment to make on a reported statement by French Economy and Finance Minister Edouard Balladur that the G-7 accord announced December 23 includes secret clauses "relating to the actions of central banks on the markets."

Miyazawa said nothing will be added to the statement already issued by the G-7 nations—the U.S., Japan, West Germany, France, Britain, Italy and Canada—on their efforts to stabilize exchange rates.

The dollar finished at a postwar closing low of 121.65 yen Monday on the Tokyo foreign exchange market but bounced back to the 124 yen level in Tokyo Tuesday.

Miyazawa said foreign exchange markets have been "too volatile" from the year-end to early this year, and this may have an adverse effect on the world economy.

Miyazawa said the G-7 nations had been very determined to produce the statement issued late last year, which he said for the first time clearly indicated that a further decline of the dollar could be "counterproductive" to the world economy.

Touching on the government's budget to be presented to the Diet, Miyazawa said the role of Japan's economy is becoming greater in relation to the world economy.

He said the government should carefully watch for any possible adverse effects of the historic crash of Wall Street stock prices last October and recent turbulent movements in exchange rates.

North Korea

Ho Tam Supports Joint North-South Conference
SK040543 Pyongyang KCNA in English 0524 GMT 4 Jan 88

[Text] Pyongyang January 4 (KCNA)—Ho Tam, member of the Political Bureau, and secretary, of the Central Committee of the Workers' Party of Korea, issued a press statement on January 3 in support of the proposal to convene a North-South joint conference advanced by the great leader President Kim Il-song in his new year address.

It is of particular importance that in the new year address the great leader proposed to hold a North-South joint conference to make this year a historic year that will provide the opportunity of a new change for national reconciliation and unity by solving problems of the day between the North and the South, he said.

Noting that hard-won multi-channelled dialogues between the North and the South were suspended all at once and have not resumed today but antagonism and confrontation, the danger of war and permanent split are increasing day by day, he said: If this is left intact, our nation will have its destiny flouted by outside forces for their interest and invite the tragedy of fratricidal war in the end.

Therefore, in order to turn the relations between the North and the South into those of reconciliation and unity from those of antagonism and confrontation, outstanding issues in the North and the South, such as the problem of discontinuing "Team Spirit" joint military exercises and other large-scale military exercises for the present, and of convening multinational disarmament talks, of jointly hosting the 24th Olympic games and of ceasing to hurl abuses and slanders against each other should be speedily solved.

These problems are not ones related to the interests of the authorities of both sides or specific political party but ones related to the common interests of the whole nation. Therefore, they can be settled correctly only

when the will of the authorities, political parties, social organisations and individual personages of the North and the South are brought together.

If a North-South joint conference is arranged, a new phase will open in promoting peace in the country and its peaceful unification, he noted, and stressed: In view of the urgency of the problems raised and reasonable ways of their solution, the proposal to convene a North-South joint conference is a just nation-saving proposal which is acceptable to anyone who loves the country and the nation and an opportune patriotic initiative for national reconciliation and unity.

He said: This proposal is also a significant historic one which hardens all Koreans' patriotic desire and will to achieve reunification as it is advanced this year, the 40th anniversary of the April joint conference of the political parties and social organisations of the North and the South which the great leader proposed in 1948, at which he indicated the ways for national salvation and reunification.

He stressed: I hope that all political parties, social organisations and personages of all strata and the authorities of South Korea will make all efforts possible to bring earlier the realisation of this proposal.

He expressed the conviction that governments, political parties, organisations and peace-loving people of all countries of the world would express firm solidarity as ever with the struggle of the Korean people for national unity and reunification.

Kim Il-song Receives Reply From PLO Leader
SK311323 Pyongyang Domestic Service in Korean
2100 GMT 27 Dec 87

[Text] On his message of solidarity sent to Comrade Yasir 'Arafat, chairman of the PLO Executive Committee and commander in chief of the Palestinian Revolutionary Forces, on the occasion of the worldwide day of solidarity with the Palestinian people, the great leader Comrade Kim Il-song received a reply message from him.

The reply message is as follows:

Pyongyang,

Your Excellency and brother Comrade Kim Il-song, general secretary of the WPK Central Committee and DPRK president:

I extend my revolutionary greetings to you.

On behalf of our Palestinian Arab people and members of the PLO Executive Committee—my brothers—and on my own behalf, I am pleased to extend the warmest thanks to you and through you, to your government and the friendly people of your country, who are struggling,

for your message of solidarity sent to me on the occasion of the worldwide day of solidarity with the Palestinian people. Your people are celebrating the day of solidarity with our people, who are waging a just struggle. This clearly shows that the combatant relations and the ties of solidarity between the friendly peoples of our two countries and between the PLO and the government of your country are very solid.

We earnestly desire that these relations will be continuously strengthened and developed according to the joint interests of the peoples of our two countries, who are striving to attain progress, development, and just peace.

On this occasion, I extend the sincerest thanks to Your Excellency president and your friendly party, government, and people for extending fundamental and positive support and encouragement to the just struggle that the Palestinian people are waging under the leadership of the PLO, their only legitimate representative, to attain the rights to liberate their occupied fatherland and to return to their fatherland the right of self-determination, the right to found an independent state in their fatherland, and other inalienable national rights.

I again extend deep thanks to you. I also wish you health and happiness and wish that the DPRK people will attain reunification, progress, development, and prosperity under your wise and tested leadership.

Revolution until victory!

[Signed] Yasir 'Arafat, chairman of the PLO Executive Committee and commander in chief of the Palestinian Revolutionary Forces

[Dated] (?6) December 1987, Tunis

Kim Il-song Receives Albanian Message
SK311333 Pyongyang Domestic Service in Korean
1200 GMT 28 Dec 87

[Text] In connection with his congratulatory message to Comrade Ramiz Alia, first secretary of the Albanian Party of Labor Central Committee and president of the Presidium of the People's Assembly of the Socialist People's Republic of Albania on the occasion of the 43d anniversary of Albania's liberation and its victory in the people's revolution, the great leader Comrade Kim Il-song, general secretary of the WPK Central Committee and DPRK president, received a reply message from him.

The reply message is as follows:

Pyongyang,

Comrade Kim Il-song, general secretary of the WPK Central Committee and DPRK president:

I sincerely express my gratitude for your congratulations on the occasion of the 43d anniversary of the national liberation and the victory in the people's revolution.

On this occasion, I wish new successes in the Korean people's struggle for economic development and the independent reunification of the country.

I express my firm belief that the relations of friendship and cooperation between our two countries will be further developed.

[Signed] Ramiz Alia, first secretary of the Albanian Party of Labor and president of the Presidium of the People's Assembly of the Socialist Republic of Albania

[Dated] 15 December 1987, Tirana

Kim Il-song Sends Greeting to Chongnyon

SK020809 Pyongyang KCNA in English
0801 GMT 2 Jan 88

[Text] Pyongyang January 2 (KCNA)—The great leader President Kim Il-song sent a message of greetings on January 1 to Comrade Han Tok-su, chairman of the Central Standing Committee of the General Association of Korean Residents in Japan (Chongnyon), on the new year 1988.

The message says:

1987 was a fruitful year when great victory was won in the strengthening of the might of the socialist homeland and development of the movement of Koreans in Japan.

Last year Chongnyon officials and other Korean nationals in Japan with a high sense of national pride and honor creditably fulfilled their patriotic assignments and laid a solid foundation to advance the work of Chongnyon in conformity with the changed realities, closely rallied around the DPRK government.

Chongnyon established a firm ideological system of *chuche* in its organization and built up its affiliated organizations at all levels to be vital patriotic ones. Through its intensive guidance and assistance to its affiliated organizations, Chongnyon strengthened its chapters and branches and considerably increased the ranks of compatriots and students.

Chongnyon rendered great help to the development and prosperity of the motherland through a vigorous movement among its officials and other compatriots to ardently love and firmly defend the socialist homeland.

Chongnyon actively supported the South Korean students and people in the struggle for independence and democracy against U.S. imperialism and fascism and did work well with the Japanese people, and thus greatly contributed to creating a favorable situation for the independent, peaceful reunification of the country.

I am happy to note that last year Chongnyon officials and other compatriots worked hard and made great achievements with a fervent loyalty to our DPRK government and highly appreciate them.

The message says 1988 is a year of great significance when the DPRK celebrates its 40th birthday and an important year when new progress should be made in the work of Chongnyon.

In the new year, all the Chongnyon officials and other Koreans in Japan should courageously advance under the banner of the DPRK won boundless pride of being citizens of the socialist homeland and with firm conviction of victory of the *chuche* cause, and thus effect a new turn in strengthening Chongnyon organizations and fulfilling the patriotic tasks of Chongnyon, the message stresses.

Chongnyon Chairman Greets Kim Chong-il

SK030841 Pyongyang KCNA in English
0830 GMT 3 Jan 88

[Text] Pyongyang January 3 (KCNA)—A congratulatory letter came to the dear leader Comrade Kim Chong-il from Han Tok-du, chairman of the Central Standing Committee of the General Association of Korean Residents in Japan (Chongnyon), on January 1, on the occasion of the new year, 1988.

Noting that last year, when the 75th birthday of the great leader Marshal Kim Il-song and the 45th birthday of the dear leader Comrade Kim Chong-il were celebrated significantly as the nation's greatest fete days, as common holidays for the progressive mankind, was a brilliant year marked with great strides made in the socialist construction of the homeland and in the struggle for the independent and peaceful reunification of the country, the letter says:

The dear leader Comrade Kim Chong-il, you who are working body and soul to bring the entire fellow countrymen under the warm care of the fatherly leader Marshal Kim Il-song, published "on some problems of education in the *chuche* idea" and other works and successfully embodied them to consolidate the single-hearted unity of the entire people and the government of the Republic and thus add brilliance to our socialist homeland as a country of independence, self-support and self-reliant defence.

Upholding the far-reaching plans of the great leader Marshal Kim Il-song, you energetically encouraged the people in the homeland to the new eventful onward movement for the complete victory of socialism and for the pre-schedule fulfilment of the third seven-year plan under the banner of the three revolutions, ideological, technical and cultural, and thereby brought forth a new upswing in all fields of the revolution and construction.

The letter notes that the sagacious leader Comrade Kim Chong-il, with his clairvoyant prescience, gave an analysis of the new environment facing the Koreans in Japan to clearly indicate the road ahead of Chongnyon and wisely led it.

It is thanks to your meticulous leadership and warm solicitude that we in an alien land where the subversive acts and intrigues of the reactionaries within and without became more graphic could continue accelerating the modelling of Chongnyon on the chuche idea and more firmly establish the ideological system of chuche within the organization and thus build it as a more powerful Kim Il-songist organization of Koreans overseas, deeply cherishing revolutionary faith, says the letter.

It wishes Comrade Kim Chong-il good health and long life.

Kim Il-song Greeted by South Dissident Group
SK020818 Pyongyang KCNA in English
0808 GMT 2 Jan 88

[Text] Pyongyang January 2 (KCNA)—The great leader President Kim Il-song received a congratulatory message on January 1 from the Central Committee of the South Korean National Democratic Front (Hanminjon) on the new year 1988.

The message says:

We wholeheartedly extend greetings of highest honor and best wishes for long life to you President Kim Il-song, the great sun of the nation, whom the entire fellow countrymen respect and follow, reflecting the boundless reverence of our vanguard fighters, workers, peasants, youth and students, intellectuals, businessmen, patriotic soldiers, religionists and all other segments of people on the new year.

Last year was a year of great significance when the 75th birthday of you respected president, the genius of mankind and legendary hero, was celebrated as a great jubilee of the nation amid the blessing of all people and a year of glory when your immortal exploits were highly praised and the resourcefulness and dignity of the fellow countrymen fully demonstrated to the world.

Last year, too, you recorded the annals of brilliant victory in the course of the sacred cause of chuche with your unexcelled leadership and indefatigable efforts.

You made public immortal classical works that more clearly indicated the direction of the chuche era and the onward path of socialist Korea and strengthened the party and the people's government in every way with your tested leadership.

The northern half of the country which has excellent politics, powerful economy and brilliant culture thanks to your leadership was turned into a people's paradise better to live in last year.

Last year in the South was a year of vigorous struggle which produced the biggest anti-U.S., anti-dictatorship popular uprising in 40-odd years.

This struggle was actively joined by workers, peasants, youth and students, intellectuals, religionists, opposition figures and even those in the middle class. So the nation-wide resistance swept the towns and villages without intermission all the year round.

It was under the radiant rays of chuche that our Hanminjon could expand and strengthen to be ranks in good order with firm organizational and ideological foundations and exert its great influence at home and abroad as a patriotic vanguard unit of the people and that many staunch young patriotic fighters in the twenties could be brought up and the ranks of the anti-U.S., national-liberation movement be expanded both in quality and quantity.

In the new year, too, we will powerfully arouse the people of all walks of life to a new anti-U.S., anti-fascist nation-saving resistance under the banner of the ever-victorious chuche idea so as to surely bring about a turning point in the sacred war for national liberation and democracy.

The message sincerely wishes President Kim Il-song good health and long life.

Kim Il-song Receives Greetings From SKNDF
SK040430 Pyongyang Domestic Service in Korean
2100 GMT 31 Dec 87

["Congratulatory" New Year message from the SKNDF Central Committee to President Comrade Kim Il-song—read by announcer]

[Text] To the respected president, the great sun of the nation:

The year of resistance, in which our masses demonstrated the path of powerful independence, democracy, and reunification to the entire world, has closed; and the first morning of 1988, a hopeful new year pledging the new struggle and ensuring victory, has dawned.

Greeting the hopeful new year, the SKND Central Committee wholeheartedly extends greetings of highest honor and best wishes for long life to you, President Kim Il-song, the great sun of the nation, reflecting the boundless reverence of our vanguard fighters, workers, peasants, youth and students, intellectuals, businessmen, patriotic soldiers, the religious, and all other segments of society.

The year 1987 was a year of great significance when the 75th birthday of you, respected president, the genius of mankind and legendary hero, was celebrated as a great jubilee of the nation amid the blessing of all people and a year of glory when your immortal exploits were highly praised and the resourcefulness and dignity of the fellow countrymen were fully demonstrated to the world.

Last year you also recorded the annals of a brilliant victory in the course of the sacred cause of *chuche* with your unexcelled leadership and indefatigable efforts.

You, the great president, made public the immortal classical works that more clearly indicated the direction of the *chuche* era and the onward path of socialist Korea and strengthened the party and the people's government in every way with your tested leadership.

As the backbone of the independent social and political life, the WPK further consolidated its unity and cohesion with the respected leader as its center. The faith and comradeship forged among the leader, the party, and the masses reached their best stage. Brilliant exploits were registered in the struggle to open a breakthrough in the first year of the gigantic Third 7-Year Plan amid great upsurges effected by the entire party, the entire nation, and all of the people following the blueprint unfolded by the respected president for the complete victory of socialism.

The northern half of the fatherland, which has excellent politics, a powerful economy, and brilliant culture, thanks to your leadership last year became a people's paradise in which it is better to live.

With the outstanding wisdom and strategy of the great president, a proposal for large-scale phased arms reduction, which will turn the dangerous situation leading to permanent division and war into the phase of peace and reunification, has been put forth, thus evoking a storm of support at home and abroad.

The measures of voluntarily cutting the gigantic 100,000 troops and of advancing them to the sites of socialist construction were clear evidence of the North's firm will for peace and aspiration for reunification.

Last year, the international signature campaign demanding our nation's peaceful reunification was powerfully carried out on the five continents as a trend of the times with heads of parties and states of many world nations and 800 million people participating. This is a brilliant fruition of the respected president's lofty international dignity and of a fair and just reunification method for national salvation.

Last year was a year of vigorous struggle in the South that produced the biggest anti-U.S., antidictatorship popular uprising in 40-odd years. Our masses who have lived under the colonial domination and fascist repression for some time rose courageously in the struggle last year by

upholding the anti-U.S. and antidictatorship beacon fire. They brought about the unprecedented June resistance struggle with indomitable national-salvation will and courage and the fierce storm of the labor movement in June and September.

Our people repeatedly fought violently, shouting for the overthrow of the military dictatorship even while they were falling down amid fierce tear gas. They shouted for independence, democracy, and reunification even as they were being taken to prison on prison vans.

Our people's anti-U.S. and antidictatorship struggle was actively joined by workers, peasants, youth and students, intellectuals, the religious, opposition figures, and even those in the middle class. So the nationwide resistance continuously swept the towns and villages all year.

Sensing a crisis of a downfall from our people's daily-increasing resistance spirit, the U.S. imperialists manipulated the fraudulent and corrupt 12 December election after splitting the opposition sphere and producing a more vicious military dictatorship in an attempt to maintain the collapsing colonial rule at any cost. However, they are unable to block the will of the overwhelming majority of the people to end the military rule and to achieve democratization.

Our people's great indefatigable march for independence and democracy is being persistently strengthened and accelerated, resolutely declaring the victory of the military dictator null and void and inspiring for another June resistance struggle. Instances of resistance struggles to overthrow the fascist dictatorship that drew attention of the world's people were recorded in history of our masses' movement waged by rejecting the threat of guns and bayonets. However, never before has there been such a gigantic popular resistance struggle as last year's, in which a broad range of the people persistently and fiercely rose up.

Through fierce year-round struggle, our people realized the principle of *chuche* teaching that they are the masters of their destinies and that only through our own struggle can the independence, democracy, and reunification of this country be achieved.

Last year, the *chuche* idea shined with bright rays and peerless driving force on this dark land where anticomunist fascism and various reactionary ideologies ram-page and awakened the people from all walks of life with the sense of independence, thus uniting them under the banner of sacred struggle. Publications on the principle of *chuche* were printed and distributed in all domains seeking the path of pioneering destiny; lecture meetings on the *chuche* idea were held in clandestine places, on campuses, in working sites, and residential areas; and the number of believers in the *chuche* idea drastically

increased. This clearly proved that the great *chuche* idea is a monolithic guiding ideal which decides the direction of the mass movement and is a trend of the times which cannot be blocked.

It was under the radiant rays of *chuche* that our SKNDF could expand and strengthen to be ranks in good order with firm organizational and ideological foundations and exert its great influence at home and abroad as a patriotic vanguard unit of the people and that many staunch young patriotic fighters in the twenties could be brought up and the ranks of the anti-U.S., national-liberation movement be expanded both in quality and quantity.

Indeed, the respected President Kim Il-song is the great leader who pioneered the path for the destiny of the nation and the people under the banner of *chuche* and made lofty immortal achievements in the glorious course for freedom and liberation of the masses. Our spirit is high and our confidence in victory is rock-firm while living and fighting by deeply cherishing boundless pride in upholding and following the brilliant sun.

In the new year, too, we will powerfully arouse the people of all walks of life to a new anti-U.S., antifascist national salvation resistance under the banner of the ever-victorious *chuche* idea so as to surely bring about a turning point in the sacred war for national liberation and democracy.

The Central Committee of the SKNDF sincerely wishes the great President Kim Il-song, a peerless patriot, a legendary hero, and the sun of the nation, good health and long life, together with unanimous aspirations of all of our vanguard fighters and the patriotic people from all walks of life.

[Signed] SKNDF Central Committee

[dated] 1 January 1988, Seoul

U.S. Figure Notes Anti-North 'Smear' Campaign

SK041044 *Pyongyang KCNA in English*
1016 GMT 4 Jan 88

[Text] *Pyongyang* January 4 (KCNA)—Stanley Faulkner, chairman of the U.S. Lawyers Committee on Korea, in his recent letters to the chief editors of the American newspapers THE NEW YORK TIMES and WASHINGTON POST noted that the Chon Tu-hwan-No Tae-u "regime" was exploiting the missing air passenger jet incident for its political purposes.

He said that the Chon-No "regime" launched an anti-DPRK smear campaign, charging the DPRK with a "terrorist bomb explosion" meant to foil the "presidential elections" and Olympic games in South Korea even before it was made clear whether the plane exploded due to engine malfunctioning or crashed because of weather conditions.

Branding such anti-DPRK intrigues of the South Korean authorities as an artifice aimed at bridging over the worsening political crisis created by the massive resistance of the people and diverting elsewhere their attention, he stressed that the truth of the jetliner missing would be clarified by unbiased public opinion of the world.

NODONG SINMUN Outlines Tasks for 1988

SK021017 *Pyongyang Domestic Service in Korean*
2229 GMT 1 Jan 88

[NODONG SINMUN 2 January editorial: "Let Us Powerfully Accelerate the Grand March of the New Year, Upholding the Appeal of the Party and the Leader"]

[Text] We see in 1988, a new year full of hope. Greeting the new year, the entire country is overflowing with the people's deep emotion and joy and surging with burning revolutionary zeal.

Amid the deep respect and boundless wishes of the people, the great leader Comrade Kim Il-song delivered a new year address. In his new year address, the respected and beloved leader Comrade Kim Il-song summarized the proud successes our party and people attained last year and put forth militant tasks that should be performed this year. The new year address of the great leader Comrade Kim Il-song is a record of the rewarding struggle and exploits of our people, who are advancing forward with the unfurled banner of the *chuche* idea in single-hearted unity around the party and leader, and an encouraging banner that unfolds a brilliant vista for our revolution to the party members and workers, gives them high pride in the party's (cause) and faith in sure victory, and stirs them on to new victory.

Hearing the New Year address of the great leader Comrade Kim Il-song, our party members and workers have risen in the march of the new year, strengthening their firm resolve to more staunchly fight in the march of grand construction led by the party and leader and to make this significant year shine.

Great achievements were registered last year in the first-year combat of the Third 7-Year Plan to realize the 10 long-term objectives of socialist economic construction adopted by the Sixth WPK Congress.

By powerfully accelerating the first march of grand socialist construction under the leadership of the party, our working class, soldiers of the People's Army, and workers brilliantly decorated 1987 as a year of proud victory.

Last year our party established strengthening material foundations for attaining major goals of key industries and for smoothly solving the problem of the people's food, clothing, and housing as the strategic task of economic construction, and concentrated its efforts on capital construction.

By powerfully waging the difficult struggle to remake rough nature, our brave construction workers and soldiers completed the first-stage project of constructing the Songwon Dam, effected a decisive advance in building the Taechon power plant, and achieved proud exploits in constructing many small and large power plants.

Last year major progress was made in building the Sunchon Vinalon Complex, a large general chemical base of key significance in further elevating the self-reliant degree of the national economy and in improving the people's standard of material living. Also, the construction of the Sariwon Potassic Fertilizer Complex, a powerful light metal production base, was pushed ahead.

Construction workers in the Tanchon area greatly increased the magnesia-clinker production capacity and completed the first-stage work of building the Tanchon Smeltery. The young builders assigned to the northern railway construction project virtually completed construction of facilities that link the eastern and western regions and opened a section that covers a distance of approximately 250 ri. Those workers who are building Kwangbok Street have also created shining exploits in the construction of the capital.

Thanks to the heroic and devoted struggle of all workers, including our working class, many monumental creations were built and genuinely valuable successes, which will contribute to the prosperity and development of the country and the improvement of the people's welfare, were attained on all fronts of socialist construction last year.

The achievements attained last year have confirmed that when our people firmly arm themselves with the *chuche* idea and the anti-Japanese revolutionary tradition and thoroughly implement our party's lines and policies, they will encounter no insurmountable fortress, but win victory without fail.

We can take pride, with deserving confidence, in having continued to steadily push ahead with the revolution and construction relying on the basis of the self-reliant national economy we have laid with our own strength and in having opening a breakthrough in carrying out the grand Third 7-Year Plan last year. All successes attained in the revolution and construction last year are the fruition of the wise leadership of the party and the leader.

Last year the internal and external circumstances of our revolution were very complicated. Our party put forth correct lines and policies that conformed to the demands of the created situation and the developing revolution and brilliantly implemented them.

In his historic policy speech "For the Complete Victory of Socialism," the great leader Comrade Kim Il-song brightly illuminated the path of advance toward the complete victory of socialism and then, energetically led the overall work of the revolution and construction—such as the work of enhancing the *chuche*-oriented nature of the national economy, the work of completely realizing the rural thesis, and the work of smoothly solving the problem concerning the people's food, clothing, and housing. Because the respected and beloved leader Comrade Kim Il-song guided and led work in the industrial, agricultural, construction, and scientific research fields on the spot, reform successes were attained in realizing the *chuche*-orientation, modernization, and science-orientation of the national economy and in accelerating production and construction.

Upholding the banner of the *chuche* idea, our party skillfully organized and mobilized the entire party and all the people to the struggle to realize the respected and beloved leader's conception and intention.

Dear Comrade Kim Chong-il made public the work "On Several Problems Arising in Education on the *Chuche* Idea" and helped all party members and workers deeply grasp the principle of the *chuche* idea. This was of great significance in effecting a new turn in education on the *chuche* idea and education on our party's unitary idea, and in firmly establishing *chuche* in the revolution and construction.

Our party helped to enhance the combat capabilities and leadership role of the party organizations by seeing to it that the party organizations and functionaries go down among lower units, substantially assist them, and establish a revolutionary party-minded ethos within the party. This leadership of the party is becoming the source of all victories.

Through last year's struggle, our people deeply recognized the greatness of the party and the leader and the justness of our party's policy and more firmly consolidated their resolve to carry out the revolution to the end, following the party.

Using as the occasion the 75th birthday of the great leader Comrade Kim Il-song, which all people celebrated as a revolutionary festival, a sense of absolute trust and loyalty toward the respected and beloved leader and our party further increased. Our people's noble trait of upholding the *chuche* revolutionary cause generation after generation while constituting a single political and social organic body with the leader and the party guarantees the promising future of the Korean revolution and

the bright future of the fatherland. The year 1988 is a significant year that marks the 40th anniversary of the founding of the DPRK, our genuine fatherland.

The great leader Comrade Kim Il-song has taught: The year 1988 is a significant year that marks the 40th anniversary of the founding of the Republic. This year we must effect another upsurge in all fields of socialist construction; demonstrate to the entire world the might of our Republic, which has risen to a high level as an independent, self-reliant, and self-defending socialist country by overcoming manyfold difficulties and ordeals; and make the 40th anniversary of the founding of the Republic shine as a grand festival of victors.

Our Republic is the great fatherland of the people, which has emerged for the first time in thousands of years of national history, and a prospering and flourishing independent, self-reliant, and self-defending socialist country. By advancing under the banner of the Republic, our people have tread the road of independence with conviction, have earned the dignity of being an independent nation, and have unfolded a golden era of great national prosperity.

The 40th anniversary of the founding of the Republic is a significant felicitous event in our national history and our people's social and political life. This year we should make the entire country surge with an inspired political atmosphere and effect a great upswing in all fields of socialist construction while upholding the intentions of the party and the leadership thus making the 40th anniversary of the national holiday shine with high political and labor success.

Effecting a great upsurge in socialist construction is a pressing demand of our developing revolution and a desire of our party. In his new year address, the great leader Comrade Kim Il-song set forth to more vigorously accelerate the great march of construction, which has already made long strides, as a central task in this year's socialist construction. This is the most just policy put forward based on his deep insight into the present status of our socialist construction, the vista for its development, and the aspirations of our people. The policy clearly indicates how high a level our revolution and construction has mounted and what we should adopt as a central task in fighting to effect a great upsurge in socialist construction.

Our people's grand march of construction is a rewarding struggle for socialist construction to build new creations of the era of the Workers' Party and display the might and boldness of our party by carrying out unprecedentedly large-scale construction projects and is a sacred march of construction to firmly build the material and technological foundation of socialism and firmly consolidate the everlasting foundation for the prosperity of the fatherland.

All party members and workers should effect constant renovation by all turning out to the grand march in response to the call of the party and the leader, thus embroidering the history of our socialist construction with proud creations and exploits. It is, above all, important to continue to concentrate great efforts on construction work designed to expand and strengthen the technological foundation for production in key industries. We should even further increase generation capacity and coal production by accelerating the construction of power plants and by expanding coal mines in many areas, which have large deposits, on a large scale. Also, we should accelerate the second-stage expansion of the Kim Chaek Iron Complex and the construction of a new steel plant with the production capacity of 2 million tons and boldly conduct the work of building the Musan Mining Complex into a large-scale base for the production of iron ore concentrate. Thus, we should further enhance the might of our socialist self-reliant national economy and steadily push ahead with overall construction work designed to realize the grand 10 long-range objectives for socialist economic construction.

The chemical and light industries should be developed and construction to smoothly solve the problem of the people's food, clothing, and housing should be actively promoted.

This year we should concentrate great efforts on building the Sunchon Vinalon Complex and the Sariwon Potassic Fertilizer Complex and accelerate the construction of Kwangbok Street and major structures in Pyongyang.

Railways are in the forefront of the national economy. Great efforts should be concentrated on railways—to electrify them, to provide them with heavy-duty equipment, and to decisively increase railway transport capacity.

This year we should vigorously wage the struggle to completely realize the thesis on the socialist rural problem presented by our party. We should actively complete the four major tasks of the rural technological revolution—irrigation, electrification, mechanization, and widespread use of chemicals—while continuing to firmly adhere to the rural thesis and the party's agriculture-first policy. Also, we should steadily push ahead tideland reclamation and the movement to find new arable lands. By being fully aware of being the masters responsible for the granary of the country, the guiding functionaries in the rural economic field and agricultural workers should effect a new upsurge in agricultural production this year.

This year's struggle is very responsible and honorable combat. This year is the second year of the Third 7-Year Plan. When our people effect a great upsurge in socialist construction this year, a firm vista will open in the struggle to successfully fulfill the Third 7-Year Plan and the people's standard of living will be epochally improved.

Also, discharging well this year's task of socialist construction is of great significance in strengthening our revolutionary forces, expediting the complete victory of socialism, and realizing the cause of national reunification, and will clearly show the progressive people of the world the justness and vitality of the *chuche* idea with living realities.

To successfully accelerate this year's socialist construction, the three revolutions—ideological, technological, and cultural—should be constantly carried out under the unfurled banner of the *chuche* idea. The *chuche* idea and the three revolutions are the banner of our struggle and victory.

The proud past and present of our revolution teaches us the precious truth that when we firmly establish *chuche* in the revolution and construction and think of all problems with our own brains and solve them in our own way, we straightly advance socialist and communist construction. By deeply recognizing that apart from the *chuche* idea, the bright future of our revolution and the prosperity of our nation are inconceivable, all party members and workers should firmly establish a *chuche*-oriented revolutionary world outlook and thoroughly enhance the *chuche* idea.

Also, they should firmly trust the justness of our party's lines and policy, adopt the party's policy as a lofty demand in their lives, and resolutely defend and unconditionally and thoroughly implement it.

The three revolutions—ideological, technological, and cultural—are the most correct lines of socialist and communist construction. Party organizations should strengthen the party's guidance to the three revolutions in conformity with the demands of developing reality, thus ensuring that the ideological, technological, and cultural revolutions can be powerfully waged in all fields.

Correctly organizing and mobilizing the revolutionary zeal and creative positivity of the popular masses is an important way to accelerate socialist construction this year. The ideology and zeal of the popular masses decide all things. Keeping in mind that victory in battle depends on the ideology of the popular masses, the subject of the revolution, functionaries should vigorously wage organizational and political work to spur the popular masses' revolutionary zeal and creative positivity.

The Chongsan-ri spirit and the Chongsan-ri method created by the great leader Comrade Kim Il-song and the Taean work system, their embodiment, accord with the essential character of the socialist system and the situation of our country and, accordingly, are a mighty weapon in accelerating the revolution and construction by spurring the masses' zeal.

We should firmly grasp the Chongsan-ri method and the Taean work system and strengthen the collective guidance of the party committee in conformity with the

demands of the Chongsan-ri method and the Taean work system. At the same time, we should vigorously organize and mobilize the masses into a new grand march by giving priority to political work. The guarantee for victory in this year's battle lies in the vigorous struggle of all party members and people with firm determination and will.

The great leader Comrade Kim Il-song has taught: All party members and working people should firmly unite around the party and vigorously struggle with firm faith in victory and revolutionary optimism, demonstrating the revolutionary spirit of self-reliance and fortitude, so that they can create miracles in all sectors of socialist construction again and demonstrate the revolutionary spirit of *chuche* Korea.

The task of socialist construction facing us this year is indeed heavy and vast. Making further strenuous efforts and boldly dashing forward whenever a heavy task is assigned is precisely the traditional struggle habit of our party members and people. Party members and working people should deeply realize the significance of the militant appeal of the party and the leader and this year's struggle should have firm determination to achieve brilliant victory in the new grand march. Along with this, they should highly demonstrate the heroic mettle and indomitable struggle spirit of the Korean people in fulfilling their assigned militant tasks.

By correctly rectifying party discipline, concentrating all efforts on strengthening the party's combat capability, and deepening party work, party organizations should see to it that all functionaries and party members lead their lives with lofty spirit toward party organizations and become the standard bearers of the masses in socialist construction. Party organizations and party members should seethe and the entire party should vigorously move so that miracles and innovations can be created and effected in all fields. Thus, the revolutionary mettle of *chuche* Korea, which dashes forward with the spirit of adding the speed battle to *chollima*, should be vigorously demonstrated.

Achievement of the the independent and peaceful reunification of the country is the most urgent task of all of the Korean people. Last year was a year in which the struggle for the peaceful reunification of the country was vigorously waged. After putting forward a proposal for high-level North-South political and military talks, last year our party and the government of the Republic put forward a proposal for phased disarmament and a five-point proposal for national unity and actively struggled for their realization.

Last year, the struggle of the people of all walks of life to put an end to the military fascist dictatorship, to achieve democratization and independence in society, and to

achieve the peaceful reunification of the country was consistently waged in South Korea. Over this course, the might of the South Korean people's struggle was fully demonstrated.

The development of the situation shows that the South Korean people should firmly unite and accelerate the antifascist struggle for democracy and the struggle for national reunification under the slogan of anti-U.S. struggle for independence to pioneer their own destiny. The resolution of the question of reunifying the country depends on the joint efforts of the North and the South, the direct parties concerned.

It is particularly important for the North and the South to assume the attitude and position of trying to achieve mutual reconciliation and unity. To liquidate the disgraceful 40-odd years' history of confrontation and division and to defend national interests, both sides, one and the same nation, should not attempt competition but should be willing to be reconciled and united and make joint efforts to reunify the country.

In achieving the country's reunification, it is also important to eliminate military confrontation and alleviate tension. To eliminate the factors that would bring about the nation's disaster and to live peacefully, both sides should be willing to eliminate military confrontation and reach a definite decision to adopt a declaration of nonaggression between the North and the South.

Elucidating that achieving national reconciliation and unity and alleviating tension are precisely the minimum principled requirement for dialogue between the North and the South and for resolving the reunification question, the great leader Comrade Kim Il-song has clarified the position that if the South side sincerely demonstrates such a position we will meet and hold dialogue at any time not only with people from all walks of life, political parties, organizations, and personages of different opposition groups in South Korea, but also with the South Korean rulers, unless this is contrary to the people's will. This is not only the correct position to surmount the obstacles that lie along the road of national reunification and to resolve the reunification question in conformity with our nation's will and demands, but it is also the active step to open the door of dialogue for reunification.

To turn the situation on the Korean peninsula this year into one favorable for peace of the country and its peaceful reunification, the problem of suspending large-scale military exercises, including the "Team Spirit" military exercise; the problem of arranging multinational disarmament talks; the problem of the North and the South jointly hosting the 24th Olympic games; and the problem of ceasing to hurl abuse and slander against each other should be discussed and settled without delay. Along with this, to achieve national reconciliation and unity, it is also necessary to convene a North-South joint

conference in which representatives of the political parties and public organizations and personages from all walks of life of both sides, including the persons in authority of both sides, participate.

To resolve the question of the country's reunification, the problem of relations between us and the United States should be resolved. The United States should withdraw its nuclear bases from South Korea, conclude a peace agreement with us, and open a new chapter in relations between Korea and the United States. This is not only the demand of the times, but also the aspiration of the people of the world.

The most reasonable way to resolve our country's reunification question is to establish a single confederal state, neutral and nonaligned, based on the North and the South recognizing each other's existence. All compatriots in the North and the South and overseas should unanimously turn out for the achievement of the sacred national reunification cause.

As elucidated by the great leader Comrade Kim Il-song in his new year address, last year the friendly ties between our country and the peace-loving countries of the world were further strengthened and the international solidarity with our revolution was increased.

Presently, the most important problem in the international political arena is to eliminate the source of nuclear war and to preserve peace. Our people are vitally interested in establishing nuclear-free, peace zones in many regions of the world and in abolishing nuclear weapons completely. They have actively struggled for this realization.

The imperialists' policy of aggression and plunder is still the root cause of the threat to world peace and of aggravating international tension. The imperialists have sought military expansion and an arms race. They have exploited and plundered developing countries by neocolonialism. Whenever they have been pushed into a predicament, the rascals have militarized the economy, have opposed socialist countries, and have more brutally exploited developing countries. Under these circumstances, the peace-loving people of the world should firmly unite and resolutely struggle to check and frustrate the imperialists' aggressive maneuvers and their new war provocation maneuvers to defend peace.

Continuously and vigorously waging the anti-imperialist national liberation struggle, abolishing the outdated international economic order, establishing a new fair international economic order, and presently extensively expanding and developing South-South cooperation are a joint task of the people of developing countries and the oppressed people.

This year, as well, our party and the government of the Republic, under the banner of anti-imperialism and independence, will develop relations of friendship and

cooperation with all the progressive people of the world, including the people of socialist countries and non-aligned countries, will resolutely support and encourage the struggle of the people of all countries for national independence and for the building a new society, and will make active efforts to preserve the peace and security of the world.

Our people's struggle is a very honorable and rewarding struggle and our victory is certain. The foundation of our self-reliant national economy of socialism, which our people have built through the spirit of self-reliance and fortitude, is very mighty. Our people's might, which has been tempered and tested over the course of breaking through the severe storm of the revolution under the leadership of the party, is boundless.

Because there exist the wise leadership of the great party and the leader and the might of the heroic people who are boundlessly loyal to the party and the leader, there is no task that we cannot carry out.

Let all of us achieve brilliant victory in this year's general march by firmly rallying around the party Central Committee headed by the respected and beloved leader Comrade Kim Il-song and by advancing forward under the banner of the *chuche* idea.

Increased Efforts in 'Grand Project' Needed

SK040603 Pyongyang KCNA in English
0541 GMT 4 Jan 88

[Text] Pyongyang January 4 (KCNA)—NODONG SINMUN and MINJU CHOSON today carry editorials respectively entitled "Let Us Further Step Up March of the New Year Under the Unfurled Banner of Three Revolutions" and "Let Us Effect Another Big Upsurge in All Fields of Socialist Construction by Adding Greater Momentum to the Grand Project".

NODONG SINMUN says:

The great leader Comrade Kim Il-song in his New Year address called once again for holding high the banner of the three revolutions, ideological, technical and cultural. This is the most correct line that was advanced on the basis of his deep penetration into the needs to bring about victory in this year battle and the prospective requirement of our revolution.

Comrade Kim Il-song put forward it as the central task of socialist construction this year to add greater momentum to the grand project which is already making long strides, the key to its victory is to push ahead with the three revolutions.

What is important, above all, in energetically stepping up the grand project this year under the banner of the three revolutions is for all party members and other

working people to turn out as one in carrying out the three revolutions with high pride and honour of making revolutions with the most correct revolutionary line.

All party members and working people should always think and act according to the demands of the *chuche* idea, regarding the idea as an unshakable conviction whenever they are confronted with difficult and complicated tasks and give fuller play to the revolutionary spirit of self-reliance and hard work in the grand project.

They should advance valuable scientific and technical inventions and proposals for rationalization, devoting all their wisdom with the boundless loyalty to the party and the leader, as the unassuming heroes and merited workers have done, for the prosperity of the country.

They should further enhance cultural and technical level and firmly set up cultured ways in work and life in conformity with the practical requirements of the grand project of the new year. They should fully also establish the socialist mode of living and the revolutionary morality in society.

In order to push ahead with the grand project this year under the uplifted banner of the three revolutions, the daily stresses, party's guidance to the three revolutions should be strengthened.

The daily calls for pressing ahead with the three revolutions in all fields and sections of the socialist construction to carry through the tasks proposed in the new year address of Comrade Kim Il-song and celebrate the 40th anniversary of the founding of the DPRK as a grand festival of victors.

SKNDF Central Committee's New Year Message

SK041201 (Clandestine) Voice of National Salvation
in Korean to South Korea 0300 GMT 1 Jan 88

[New Year's message to the people by the Propaganda Department of the SKNDF Central Committee]

[Text] People: The new year 1988 has dawned amid our masses' indignation over the fact that their desire for democratization has been trampled under foot. The SKNDF extends militant new year greetings to the masses of all walks of life, including our patriotic vanguard fighters, workers, farmers, youths, students, intellectuals, and religious persons, who have risen again in the anti-U.S. and antifascist struggle to regain betrayed democratization.

In retrospect, the year 1987 was a year of bloody resistance which was dotted with our masses' anti-U.S and antifascist movement for democratization. Our masses, set off by the incident of the torture death of student Pak Chong-chol early last year, opened a breakthrough struggle against the colonial and fascist repression through their resistance. They again rose up in the June mass

resistance to topple the pro-U.S. military dictatorship and to achieve democratization, set off by the 10 June DJP convention held to nominate No Tae-u as the next presidential candidate.

The June resistance in which the masses throughout the country rose up, chanting slogans opposing the protection of the dictatorial constitution, calling for the overthrow of the dictatorship, calling for democracy and withdrawal of the United States, and calling for national reunification, was indeed a nationwide resistance in which unprecedentedly broad segments of our masses participated.

It was also a historic struggle to topple the pro-U.S. military regime and to turn the political situation toward democratization.

The subsequent struggle of workers for the rights to existence and democratic rights, which erupted on the strength of the June mass resistance, was the largest-scale struggle, unprecedented in the 40-year history of our labor movement. The fervent struggle of the working masses that lasted 3 months throughout the country was a patriotic struggle that not only vigorously encouraged our masses' movement for national salvation, but also dealt serious blows to the colonial and fascist forces. It was also a historic event that opened a new aspect in changing the political situation.

Our people consistently and vigorously waged the struggle for the formation of a pannational neutral cabinet and for a fair election in order to make the revised constitution for the direct presidential election system, which they achieved with their blood, bloom through the establishment of a democratic regime. In the course of our people's struggle, the bottom-rung student activist forces and patriotic democratic forces have matured as unprecedentedly strong forces.

In the course of constant mass struggle and consciousness-raising activities among the masses, the chuche idea, the officially recognized guiding ideology of the times, has been deeply inculcated among the masses of all walks of life on the strength of its strong driving force and the ranks of the believers in the idea have rapidly increased. At the same time, the anti-U.S. and independent consciousness and democratic consciousness of the masses have been unprecedentedly enhanced. The course of organizing youths, students, and the people of all walks of life has been extraordinarily promoted and accelerated. The democratic and patriotic forces, which have been fostered in the course of their struggle, have firmly emerged at the center of South Korean society.

By way of contrast, the colonial and fascist forces have been further isolated and weakened, and the military rule has been driven into a crisis of ruin. However, our people have failed to achieve the final victory in their struggle for democracy and national salvation and, as a

result, will have to undergo again the pain of being deprived by the colonial and fascist forces of the fruition of the movement for democracy that has been attained in blood.

The democratization that our people have so urgently desired has disappeared in the nightmare of the fraudulent 16 December election, and the military dictatorship has emerged again with the fabrication of traitor No Tae-u's victory in the election. Thus, the task of achieving democratization has returned to square one.

The cause of this deplorable situation is precisely the colonial rule and interference by the United States. The fruition of democratization that our people had achieved through the 19 April uprising was trampled underfoot by the bayonets of 16 May, and the dawn of democratization that our people had greeted through the October resistance for democracy was trampled underfoot by the 17 May military coup. The aspect of democratization that they had attained through the June struggle was obliterated by the fraudulent 16 December election.

It was precisely the United States that dampened the fervor of the June struggle of our people with the deceptive 29 June declaration. It was also the United States that revived the military dictators, who had been driven into crisis, by manipulating the ruling and opposition parties to reach compromise. It was the United States that led the military dictatorial regime to take power again by hindering the opposition camp from fielding a single presidential candidate and, thus, manipulating the split in the democratic forces. It was also the United States that, after the presidential election, raised a shout of joy over No Tae-u's election, forcing the opposition forces to accept it.

The United States is precisely the devil which has obliterated our people's burning desire for democratization at every stage. Our masses have come to confirm as a lesson once again that without the struggle to drive out the United States their struggle for democratization cannot be successful. We cannot and should not repeat this lesson.

People, The year 1988 is a year in which we should find a lesson from the struggle of the previous year, rise up again without frustration to liquidate the pro-U.S. military dictatorship, and, thus, open a decisive phase in the struggle for independence, democracy, and reunification. The United States and the No Tae-u ring are scheming to further strengthen the foundation of the military dictatorial regime, to perpetrate the colonial fascist rule permanently, and to secure national division through a so-called peaceful change of government in February and the exclusive holding of the Seoul Olympics in September.

The peaceful change of government and the Seoul Olympics are a laurel wreath for the colonial fascist rulers. However, they constitute a calamity for our people who desire independence, democracy, and reunification.

Whether or not we can frustrate the criminal peaceful change of government and the Seoul Olympics constitutes a touchstone for determining subjugation or independence, fascism or democracy, and permanent division or reunification.

Our people who have moaned in the divided land and under the iron chains of fascism for more than 40 years cannot tolerate in the slightest degree the antinational, antimasses, and antidemocratic change of government and the exclusive holding of the 1988 Olympic games.

Let us sternly check and frustrate the military dictators' schemes for the peaceful change of government and the divisive 1988 Olympics.

This is a major struggle slogan of our masses this year.

The secret of success in the national salvation struggle this year is to wage a nationwide anti-U.S. struggle to expel the United States, which has revived the military dictatorship. The anti-U.S. struggle for independence provides the way of smashing the military dictatorship, realizing the democratic politics that have been trampled underfoot, and opening the door of independence and reunification.

All of our people who want democracy, independence, and reunification should rise up as one in the anti-U.S. struggle to sternly smash the criminal U.S. maneuvers for perpetuating the colonial fascist rule permanently and for fabricating two Koreas through the peaceful change of government and the exclusive holding of the 1988 Olympics, to drive out the United States, [word indistinct] and a curse to democratization, and to end the U.S. domination and interference.

Along with this, our people should not be cheated by the No Tae-u ring's deceptive trick of clamoring about great national unity in a bid to realize the treacherous peaceful change of government and by its camouflaged trick of talking about the Olympics first and vote of confidence later in a bid to smoothly hold the 1988 Olympic games exclusively. They should resolutely join the national salvation movement to liquidate the military dictatorship and to establish a genuine democratic regime.

Our people can no longer repeat the bitter lesson of division. Our people should not tolerate the tenacious maneuvers for division and alienation by the U.S. imperialists and the military dictators [words indistinct], but should firmly unite as one under the banner of the June struggle to rise up in the anti-U.S. and antifascist struggle again.

The heavy task facing our masses this year urgently demands that the work of indoctrinating the masses and organizing them be stepped up more rapidly than ever before. All [word indistinct] and core elements of the (?SKNDF) should indoctrinate the masses through consciousness-raising work and should rally them through organizational work so that they can achieve a new success in their anti-u.s. and antifascist struggle.

The road of struggle is rough and difficult. However, victory comes to those masses who struggle, firmly uniting. Let all of us pool strength and wisdom, put an end to the colonial rule of more than 40 years, and, thus, greet the new era of independence, democracy, and reunification.

[Signed] Propaganda Department of the SKNDF Central Committee

[Dated] 1 January 1988

South Korea

Yugoslavia Submits Application for Olympics

SK050816 Seoul YONHAP in English
0805 GMT 5 Jan 88

[Text] Seoul, Jan. 5 (YONHAP)—Yugoslavia Tuesday became the third East bloc country to respond to the invitation to attend the 1988 Seoul Summer Olympic games, scheduled for Sept. 17-Oct. 2, the Seoul Olympic Organizing Committee (SLOOC) said.

The SLOOC said it was informed by the International Olympic Committee (IOC) that Yugoslavia had submitted an application with the IOC to attend the Seoul games.

Hungary and East Germany announced on Dec. 21 last year that they would send teams to Seoul for the Olympics. Seoul does not have any diplomatic relations with communist countries.

Yugoslavia's response brings to 131 the total number of countries which have expressed their intention to compete in the Seoul Olympics.

SLOOC officials expect the number will exceed 140 at the end of this week, the same number of countries that participated in the 1984 Los Angeles Olympics.

By Jan. 17, the deadline for applications, at least 150 countries out of 167 IOC member countries will have submitted applications and the Seoul games will be a forum for a grand reconciliation between the East and the West, the officials said.

Meanwhile, it has been learned that China will announce its decision about whether to participate in the Seoul games around Thursday while the Soviet Union will make a final decision during a meeting of its National Olympic Committee on Jan. 11-12 in Moscow.

The Soviet Union sent its NOC [National Olympic Committee] delegates to Seoul on two occasions last year in July and December and it was learned that the Soviet Union has also settled practical matters, including transportation of the Soviet contingent to Seoul.

Among the 36 countries which have not yet responded to the IOC invitation, 29 do not have diplomatic relations with South Korea but do have diplomatic ties with North Korea.

The SLOOC expects that many of the 36 countries will send applications following China and the Soviet Union.

A total of 27 out of 38 IOC member countries in Asia have responded to the IOC invitation, compared with 33 out of 39 countries in the North and South American continents, 32 out of 46 African countries, 28 out of 34 European member countries and all 11 Oceanian countries.

Foreign Minister Meets With Congressman Solarz
SK050818 Seoul YONHAP in English
0753 GMT 5 Jan 88

[Text] Seoul, Jan. 5 (YONHAP)—South Korean Foreign Minister Choe Kwang-su Tuesday met with Rep. Stephen Solarz, chairman of the U.S. House Subcommittee on Asian and Pacific Affairs of the Foreign Affairs Committee, who arrived here Monday for a four-day visit for talks with Korean leaders.

During their luncheon meeting, the two discussed matters of mutual concern including Korea's presidential election last month and relations between South and North Korea.

Minister Choe explained to Solarz the process of the presidential election last month, while Solarz expressed his hope that Korea will continue its development with reconciliation and stability after establishing the new government.

Also attending the meeting were Rep. Kim Hyon-uk, chairman of the Foreign Affairs Committee in Korea's National Assembly, Pak Su-kil, assistant foreign minister, and James R. Lilley, U.S. ambassador to Korea.

Prior to the meeting, Solarz had talks with Korea's National Assembly speaker Yi Chae-hyong and Stephen Cardinal Kim Su-hwan, head of the Korean Catholic church. Solarz also plans to meet with Kim Chong-pil, a former prime minister and currently head of the New Democratic Republican Party, on Tuesday afternoon.

Agreement With U.S. To Open Up Trade Market
SK050119 Seoul THE KOREA TIMES in English
5 Jan 88 p 1

[By KOREA TIMES correspondent Kim So-ung]

[Text] Washington—Korea, in a way to ease the trade frictions with the United States, tentatively agreed to open wider the Korean market of U.S. cigarettes, insurance and agricultural products on the condition that U.S. will not invoke the U.S. Trade Act 301 against Korean-made goods.

In a meeting with U.S. Trade Representative Clayton Yeutter early Tuesday morning, Korean time, Deputy Premier-Economic Planning Minister Chong In-yong accepted the U.S. demands concerning the lowering of the price of U.S. cigarettes and alleviation of conditions for establishment of insurance joint venture in Korea.

The price of U.S. cigarettes was reported to be lowered to the 820 level from the current 1,300 won per pack and the capital required for establishment of insurance joint ventures to be reduced to 5 billion won from the originally-planned 10 billion won, said Korean trade officials who participated in the meeting.

In connection with the imports of beef for tourist hotel use, however, two sides agreed to decide later the timing of the importation through working-level talks, taking into account the complicated social and economical situation in Korea, according to them.

An official said that the reopening of the beef imports will be surely delayed by the general election scheduled several months later, but plausible before the Seoul Olympics.

Meanwhile, the United States agreed to accept Korean stance of not allowing Korea's 30 biggest business groups to invest in insurance service with U.S. firms as they are strictly controlled by the government under business decentralization programs, he said.

Korean side also agreed that the price of U.S. cigarettes will be allowed to be further lowered from the 820 won level, according to the official.

Korea dispatched a six-member high-powered trade delegation headed by Deputy Premier-Economic Planning Minister Chong In-yong last Saturday for the trade negotiation session.

In the informal meetings, the U.S. negotiators including assistant U.S. Trade Representative Peter Allgeier were reported to have reiterated their position on cigarettes, beef and the insurance market to the Korean side.

Besides these, the two sides discussed some 20 kinds of trade issues at the working-level talks, the sources said.

The issues include restrictive marketing channels of alcoholic beverages such as wine and beer, and the copyright piracy of foreign publications.

Chong Leaves Talks Early

SK050733 Seoul YONHAP in English 0710 GMT 5 Jan 88

[Text] Washington, Jan. 4 (YONHAP)—South Korea's top economic policymaker indicated Monday that his country will drastically lower the domestic sale prices of imported U.S. cigarettes but will refrain from lifting the ban on imports of U.S. beef until after Korea's parliamentary elections.

Emerging from two-hour talks with U.S. trade representative Clayton Yeutter here, South Korean deputy prime minister and economic planning minister Chong In-yong told reporters that considerable progress was made for a cut in Korea's domestic prices of U.S. cigarettes.

Chong, who came to Washington two days ago for high-level talks to prevent a retaliatory action by the U.S. side, said that he pledged utmost efforts, including the amendment of pertinent laws, to accept the U.S. demand for Korea to lower its domestic sales prices of U.S. cigarettes to a level similar to the prices in Japan and Taiwan.

A source close to the Korean delegation said the price of U.S. cigarettes in Korea, now selling at 1,300 won a pack, will be settled at the range of 700 to 900 won (one U.S. dollar is worth about 790 won).

Regarding the resumption of U.S. beef imports for use at Korea's tourist hotels, Chong hinted that Korea will not resume imports of U.S. beef until after the parliamentary elections by saying I think we will be able to pass over the issue this time.

The South Korean ruling party hopes to hold the parliamentary elections in early February, but the opposition parties are sticking with April as their choice for the timing of the general elections.

After a total of eight hours of talks with U.S. trade officials, including the preliminary contact on Sunday, Chong concluded by saying that an abrupt retaliatory action resulting from misunderstanding will not come from the U.S. side.

He added, however, that he repeatedly explained the difficulties facing the Korean government in allowing U.S. insurance companies to set up joint ventures with the top 30 business groups in Korea.

Chong said he promised the U.S. trade officials that the administrative procedures for imports of U.S. wines and beer will be streamlined.

Amid dim prospects for success, Chong led seven other senior Korean trade officials, including Pak Yu-kwang, director of the international Policy Coordination Office, to Washington last Saturday for working-level meetings with their U.S. counterparts.

The U.S. government has threatened to invoke section 301 of the U.S. trade act in retaliation if Korea fails to immediately accept the U.S. demands for a wider opening of its markets to U.S. goods and services.

Meanwhile, Chong canceled his scheduled meeting with U.S. Treasury secretary James Baker on Tuesday, and headed for Korea via San Francisco after his talks with Yeutter Monday night. No official explanation was given for his sudden departure.

Group To Explore Trade Expansion With China

SK050125 Seoul THE KOREA HERALD in English
5 Jan 88 p 6

[Text] The Federation of Korean Industries (FKI) will inaugurate a consultative body to explore ways to expand trade with China, Ku Cha-kyong, FKI chairman, announced yesterday.

Ku, chairman of Lucky-Goldstar, said, "I do not think that any rapid progress in the trade relationship with the Communist country is feasible in the foreseeable future."

"We will invest more into the industrial development of the nation's western coast area this year to prepare for the hoped-for normalcy of the commercial links with China."

Also on hand at the news conference were Choe Chong-whan, chairman of Samwhan Group; Kim Sang-hong, chairman of Sam Yang Co.; Choe Tae-sop, chairman of Hankuk Glass Industry Co.; and Sin Pong-sik, executive deputy chairman of the FKI.

Ku said prospects for the Korean economy this year are dim in anticipation of slowing exports.

Korean commodities will be the target of foreign protectionism this year, particularly in the United States, he said.

"I personally think that the government should do more in opening the domestic market, which will offset the heavy U.S. pressure to appreciate the won currency against the U.S. dollar," Ku remarked.

"Any rapid revaluation of the won will deal a fatal blow to the Korean business concerns. We urge the government to keep the won from appreciating rapidly this year."

"We also ask the government to substantially expand the foreign-currency loans, designed to finance the purchasing of American products, which I think will work to trim the ever-growing trade surplus with the United States," he said.

Bank interest rates, which now run almost the double those of trade rival countries, should be drastically cut to improve the competitive power of businesses, he said.

Ku said domestic corporations are in no position to raise workers' wages over 9 percent this year.

Last year wages rose over 20 percent, severely eroding the competitiveness of Korean commodities.

The top priority this year will be placed on sound-labor-management relations, he stressed.

Ku forecast strikes this year.

However, the scale of the disputes will be small compared with 1987, he added.

He also hoped that the new government, to be inaugurated late February, will give more autonomy to bank managers.

Ku said full-fledged autonomy for banks is the cornerstone of economic democratization.

Smooth Government Transition Top Priority
SK050135 Seoul THE KOREA HERALD in English
5 Jan 88 p 2

[Text] Prime Minister Kim Chong-yol yesterday said policy priority for this year should be given to successfully implementing the transfer of government and staging the Olympics.

Addressing a ceremony marking the start of business for the New Year, Kim also called for efforts to help realize continued economic growth.

The ceremony was attended by cabinet ministers and about 700 senior government officials.

"This year we will realize a peaceful transfer of government for the first time in the nation's 40-year constitutional history, and see the national prestige enhanced through the Olympics," Kim said.

"Facing this historic period, all the public officials are requested to play leading roles in national development," he added.

He called for a smooth implementation of the transfer of government next month to lay a "firm foundation" for the nation's democratic development.

Efforts should also be exerted to ensure that the coming elections for the National Assembly and local councils be held in a fair manner.

"We have made full preparations for the National Assembly and local councils be held in a fair manner.

"We have made full preparations for the Seoul Olympics, and I believe that the Games will be a success with the participation of many countries, including Communist nations," said the prime minister. He expressed hope that the Olympics will give the nation momentum to take off and join the rank of advanced countries.

Prime Minister Kim went on to say that the nation should wisely cope with increasing market-opening pressures from advanced countries and protectionism in world trade.

He also said the government will do its best to help foster an atmosphere of autonomy in every sector of society and to put an end to conflicts between regions, classes and generations.

Particular emphasis will be placed on realizing a more equitable distribution of wealth and enhancing social welfare programs for less privileged people, Kim said.

Kim Yong-Sam Agrees To Meet No Tae-u
OW051209 Tokyo KYODO in English 1137 GMT
5 Jan 88

[Text] Seoul, Jan. 5 KYODO—Kim Yong-sam, leader of the major opposition Reunification Democratic Party, Tuesday reversed his position and said he is now ready to meet President-elect No Tae-u to discuss pending issues in South Korea.

Kim told reporters he is ready to meet anybody, including No, to advance the democratization process in South Korea.

No, president of the ruling Democratic Justice Party, proposed a meeting between himself and three opposition leaders, Kim Yong-sam, Kim Tae-chung, Kim Chong-pil on December 18 after the presidential election.

No swept to victory in the December 16 election, overwhelming the three Kims, and will succeed President Chon Tu-hwan next month.

Meanwhile, Kim Tae-chung, leader of the Party for Peace and Democracy, told reporters he is ready to step down from the party presidency to create a collective leadership in the party prior to parliamentary elections expected this spring.

Kim Chong-pil Favors February Elections

SK050143 Seoul THE KOREA TIMES in English
5 Jan 88 p 12

[Text] New Democratic Republican Party [NDRP] president Kim Chong-pil yesterday reiterated that this party favors a February election.

At a New Year commencement ceremony at the party headquarters, Kim said, "February elections are certain, I think, and it is desirable for the president-elect to have an inauguration ceremony at the new National Assembly."

The party head rebuffed other opposition calls for an April parliamentary election as a move designed for partisan interests, calling on them to brace for the elections "in a just manner."

Rep. Cho Yong-chik, the party's spokesman, said, however that the NDRP will be "flexible" about the election timing in negotiation on the revision of the Parliamentary Election Law, expected to start soon.

At the ceremony, the party president urged party members to garner the people's support in the coming general elections by showing them the party's "true" images to replace its past "false" ones.

He emphasized that the NDRP will pursue enhancement of personal freedom, activation of the market economy, and realization of "a small government" as the party's three main policies of the year.

Meanwhile, some political aspirants including several "old-timer" politicians who were affiliated with the now-defunct Republican Party are said to have so far contacted the minor opposition party head Kim for their possible candidacy for the National Assembly under the party banner.

The NDRP has yet to organize local chapters at 20 districts with the appointment of chief organizers.

Rep. Cho said, "It has to wait because we have difficulty recruiting some promising figures for the posts."

3 Kims Expected To Run for National Assembly

SK050141 Seoul THE KOREA TIMES in English
5 Jan 88 p 2

[Text] The three opposition leaders who failed in the Dec. 16 presidential election are expected to seek membership of the National Assembly through the upcoming general elections.

Reunification Democratic Party's Kim Yong-sam and New Democratic Republican Party's [NDRP] Kim Chong-pil and likely to run in local constituencies while

Kim Tae-chung of the Party for Peace and Democracy [PPD] may seek an Assembly seat under the proportional representation system.

RDP president Kim has hinted that he may run in the Chongno district of Seoul "to help boost the fighting spirit of party members and candidates in the general elections."

Asked of his future political course of action in a recent press conference, Kim said, "It is true that several key post-holders have advised me to run in the Chongno district so that the depressed atmosphere in the party after the defeat in the presidential election may be raised."

If he runs in the "showcase district," it will help invigorate other party candidates and arouse an opposition boom in the elections, political analysts concur.

Recently, Yi Min-u, a former protege of Kim Yong-sam, triggered an "opposition storm" running in the Chongno-Chunggu district in the February, 1985 general elections.

PPD's Kim Tae-chung did not give a clear-cut answer to a similar press inquiry on his political moves.

He just said, "I will decide on the matter after discussing it with key officers of the party."

A senior aide to Kim, however, observed that his boss would seek election in the national constituency under the proportional system.

Kim Tae-chung was elected to the National Assembly three times prior to 1971 when he ran for president as the candidate of the major opposition party but was narrowly defeated by president Pak Chong-hui.

Since then, Kim has been banned from politics, spending the intervening years in jail, in exile or under house arrest.

Meanwhile, Kim Chong-pil said recently that he was willing to be nominated as candidate in the National Assembly election.

Asked if he would run in a local district, the minor opposition leader said, "Let me come back to you later on that."

An aide to the NDRP president said that Kim is planning to run in a district in his home province of Chungchongnam-do where he won overwhelming support in the presidential election. But a Seoul district is also being considered as an alternative, party sources said.

DJP, Opposition Fail To Reach Compromise

SK050915 Seoul YONHAP in English
0542 GMT 5 Jan 88

[Text] Seoul, Jan. 5 (YONHAP)—Despite the approach of South Korea's projected National Assembly elections, the ruling and opposition parties have reportedly failed to show any signs of a compromise even on such basic issues as the timing of the elections.

As of Tuesday, the ruling and opposition camps have failed to achieve any progress in their contacts aimed at preparing for a scheduled official conference that would deal with the date of the elections and the proposed change of election system.

The ruling Democratic Justice Party (DJP) has reportedly taken a firm position that the elections will be held in February even if this means the party would yield its long-held preference for a system under which a highly populated constituency can elect up to four legislators.

The opposition parties, especially the Reunification Democratic Party (RDP), have sponsored a restructuring of constituencies and the so-called small constituency system under which each constituency is entitled to elect one legislator. They also strongly favor holding the elections in April.

Both sides were originally planning to begin their inter-party talks on revising the parliamentary election laws by Jan. 7. Political observers say, however, that the scheduled political talks, including a meeting of floor leaders, could be delayed.

The main opposition RDP seems to be less prepared to start the inter-party talks. The RDP is scheduled to hold a party convention on Wednesday (Jan. 6) to elect a new party president and will then need more time to reshuffle party officeholders. As for the DJP proposal to start full-fledged political talks immediately after the RDP convention, the opposition party has allegedly offered a counterproposal that the talks begin later next week.

The DJP planned to open a weeklong extraordinary National Assembly session on Jan. 11 to discuss amending the parliamentary elections laws and the laws concerning local autonomy. The RDP and the Party for Peace and Democracy (PPD), however, are reluctant to open an assembly session in the near future under the pretext that they have not yet worked out their party positions on those amendments.

Concerning the date for the general elections, the ruling party seems determined not to concede to the opposition's counterproposals. DJP sources said that the inter-party political talks last fall, which dealt mainly with amending the constitution, had determined that the winning party of the presidential election would have the right to choose the date of the National Assembly elections.

The RDP, however, has indicated that it is strongly opposed to the DJP's plan to hold early elections, saying that the party is physically unprepared at the moment to manage effective campaigns due to the lingering divisiveness caused when many regional party leaders abandoned the party at the height of the intra-party dispute over the single opposition candidacy issue during the presidential election campaign period.

The PPD, led by Kim Tae-chung and others who left the RDP, has shown a relatively flexible stand. The PPD prefers to have the elections in April but is said to be ready to respond in a flexible manner to the DJP's proposal.

The New Democratic Republican Party (NDRP), led by former Prime Minister Kim Chong-pil, has a view similar to that of the ruling camp concerning the timing of the parliamentary elections.

As for the type of election system, the DJP is reportedly ready to accept the small constituency system proposed by the RDP and the PPD in case the two opposition parties stick to their proposal up to the last moment. The DJP, however, seems to be seeking an agreement with the opposition side on the DJP proposal for holding the elections next month.

Brunei, Malaysia & Singapore

Malaysia

Italy's Gorla Pays 3-Day Visit to Kuala Lumpur

BK030752 Kuala Lumpur International Service
in English 0600 GMT 3 Jan 88

[Text] Italian Prime Minister Mr Giovanni Gorla arrived in Kuala Lumpur this morning to begin a 3-day official visit. On hand to receive him and his wife, Mrs Eugenia Gorla, were the minister of foreign affairs, Datuk Abu Hassan Omar, and the minister in attendance, Datuk Dr Sulaiman Mohamed. An official welcoming ceremony will be held tomorrow at Parliament Square.

The visit is at the invitation of the prime minister, Datuk Sri Dr Mahathir Mohamed. The invitation was extended during his visit to Rome in 1984. It is also aimed at fostering closer bilateral relations and promoting greater cooperation between both countries.

The Italian premier is due to hold a private meeting with Datuk Sri Dr Mahathir tomorrow. This will be followed by talks between delegations of both countries. After the talks, both countries will sign an investment guarantee agreement.

Meets With Mahathir

BK040645 Kuala Lumpur International Service
in English 0600 GMT 4 Jan 88

[Excerpt] The prime minister, Datuk Sri Dr Mahathir Mohamed, and his Italian counterpart, Mr Giovanni Gorla, held talks in Kuala Lumpur this morning. This was followed by a meeting of the full delegations of the two countries and the signing of an investment guarantee agreement. Malaysia was represented by the minister of trade and industry, Datuk Paduka Rafidah Aziz, while Italy was represented by the minister of foreign affairs, Mr Giulio Andreotti.

Earlier, the Italian premier was given a full ceremonial welcome at Parliament Square in Kuala Lumpur. Mr Giovanni was met on arrival by Datuk Sri Dr Mahathir. [passage omitted]

Review of Topics Discussed

BK040839 Kuala Lumpur BERNAMA in English
0735 GMT 4 Dec 88

[Text] Kuala Lumpur, Dec 4 (OANA-BERNAMA)—Italy has indicated that it is opposed to the European Community's move to impose a levy on palm oil, Malaysian Foreign Ministry Secretary-General Zainal Abidin Sulong said.

This indication was given by visiting Italian Prime Minister Giovanni Gorla during discussions with his Malaysian counterpart, Dr Mahathir Mohamed, here Monday, he said.

Gorla arrived here Sunday for a three-day official visit to enhance trade and other bilateral relations with Malaysia.

Zainal Abidin, briefing reporters after the two-hour meeting between the two prime ministers, said Dr Mahathir had raised the question of the levy during the discussions which covered bilateral and global issues.

Earlier, Dr Mahathir and Encik Gorla had a separate meeting which lasted about 30 minutes.

During the discussions, Zainal Abidin said, Malaysian prime minister suggested that the group of seven—of which Italy is a member—accept one or two representatives from developing countries to listen to their views.

He said the Malaysian prime minister, in putting forward the idea to Gorla, stressed the importance for major economic powers to take into consideration views of the developing countries in any changes or programmes they wished to bring about to improve the world economy.

On bilateral relations, he said Dr Mahathir briefed Gorla and his delegation on Malaysia's investment policies during which he also stressed the need for closer contacts among businessmen of the two countries to increase investments.

Italy agreed on the importance of interdependence in economy and the need for growth in the economic field, Zainal Abidin added.

He said Dr Mahathir also pointed out to Encik Gorla that the campaign against tropical hardwoods was launched more in the interest of temperate timber rather than for environmental reasons.

He also said Datuk Sri Dr Mahathir explained that developing countries could not forego their sources of wealth "to enable developed countries to enjoy our jungles," and added that logging in this country was done systematically.

Foreign Minister Abu Hassan Omar and his Italian counterpart, Giulio Andreotti, also held a separate meeting earlier where both agreed that the Italy-Malaysia joint commission meeting, which was overdue, should be held in Italy this year.

Investment Guarantee Signed

*BK041259 Kuala Lumpur BERNAMA in English
1118 GMT 4 Jan 88*

[Text] Kuala Lumpur, Jan 4 (OANA-BERNAMA)—Malaysia signed on Monday an investment guarantee agreement (IGA) with Italy, paving the way for a greater flow of Italian investments into the country.

The pact was signed by Trade and Industry Minister Rafidah Aziz for Malaysia, while Italian Foreign Minister Giulio Andreotti signed for his country.

The ceremony was witnessed by Prime Minister Dr. Mahathir Mohamed and his Italian counterpart, Giovanni Goria, who is on a three-day visit.

Rafidah said proposal for the IGA was initiated at the Malaysia-Italy Joint-Committee meeting in Kuala Lumpur in 1984 and formal negotiation was made in Rome last year.

Italy is the 17th country to have signed an IGA with Malaysia. The others are West Germany, Luxembourg, Sweden, Switzerland, France, Canada, the Netherlands, Austria, Romania, Sri Lanka, the United States, the United Kingdom, Finland, Norway, Kuwait and Pakistan.

She said the IGA will provide favourable conditions for reciprocal protection of investments made by nationals and companies of both countries.

This will act as a further assurance to foreign investors over and above the provisions of Article 13 of the Constitution which provides protection among others, to rights to properties, she added.

Italian investment in Malaysia totalled M\$3.9 million (about US\$1.62 million) but the Italian business community is active in trade with Malaysia, Deputy Trade and Industry Minister Kok Wee Kiat said earlier.

Report on News Conference

*BK041411 Kuala Lumpur BERNAMA in English
1256 GMT 4 Jan 88*

[Text] Kuala Lumpur, Jan 4 (OANA-BERNAMA)—Italy intends to increase its economic stake in Asia as it recognises the region's potential of becoming the most dynamic area for growth within the next 20 to 30 years, its Prime Minister, Giovanni Goria, said on Monday.

He considered his current visit to the region as a move to lay the groundwork for more trade with countries in the region in future, he told a press conference.

Goria has arrived on Sunday for a three-day visit to Malaysia—the first by an Italian premier. The visit is the first leg of a trip that will also take him to Singapore, Indonesia and India. He had earlier held talks with his

Malaysian host, Prime Minister Dr Mahathir Mohamed. They had also witnessed the signing of an investment guarantee agreement (IGA) between their two countries.

Trade officials and businessmen also held separate dialogues, sounding out investment and other trade opportunities.

The Italian leader said he realised that his country's trade with Malaysia constituted only one percent of Italy's global trade.

However, there is an increased interest among Italian businessmen to expand their investment in Malaysia and other countries in the region despite keen competition from Japanese companies, he said.

Goria said Malaysian Foreign Minister Abu Hassan Omar would be visiting Italy in June and he hoped the visit would pave the way for wider bilateral trade and enhanced mutual understanding.

On his talks with Dr Mahathir, he said it is useful in understanding the country better and the various investment incentives offered.

To a suggestion by Dr Mahathir that the Group of Seven [G-7] (industrialised nations?—of which Italy is a member—have representation from developing countries, Goria said there is no necessity for such a move.

He, however, pointed out that the G-7 is fully aware of the problems faced by developing countries, stressing that the views of these countries had always been taken into consideration.

Italian Foreign Minister Giulio Andreotti who was also present at the press conference said Italy supported the laws and measures adopted by Malaysia in fighting the narcotic menace.

He said Italy had requested Malaysia to intensify their cooperation to counter the problem.

He also said Malaysia and Italy shared the same view in seeking the reduction of nuclear arms.

Mahathir Hosts Dinner

*BK041614 Kuala Lumpur Domestic Service in Malay
1430 GMT 4 Jan 88*

[Text] Datuk Sri Dr Mahathir expressed the hope that developed nations in GATT will coordinate their tariff rates for tropical products to the lowest. Steps should also be taken to lower the agricultural subsidy that has affected worldwide agricultural trade. The prime minister said developed nations should open wider marketing opportunities. Tariff and nontariff obstacles have eradicated basic global trade principles. The prime minister was speaking at a dinner hosted in honor of visiting Italian Prime Minister Giovanni Goria in Sri Perdana

[the prime minister's residence] tonight. Datuk Sri Dr Mahatir expressed the hope that Italy will persuade the EEC to participate in multifaceted meetings aimed at easing agricultural trade flow.

Concerning bilateral relations, Malaysia hopes that the private sectors of the two countries will take full advantage of the numerous existing trade opportunities. The prime minister said there are opportunities for widening bilateral relations especially in trade, investment and economic cooperation.

On international issues, Datuk Sri Dr Mahathir said the recent INF Treaty between the United States and the Soviet Union can possibly bring about a nuclear-free world. He said the nuclear disarmament process is not limited only to Europe but should also involve Asia at the earliest period possible because a nuclear war cannot be limited to only one region.

Goria Assesses Accords

LD042203 *Rome International Service n Italian*
1830 GMT 4 Jan 88

[Excerpts] Prime Minister Giovanni Goria and Foreign Minister Giulio Andreotti are in Kuala Lumpur, the capital of Malaysia, on the first leg of a trip that will take them to another three Asian capitals.

In Kuala Lumpur they had a series of economic and political meetings. We have a dispatch from our correspondent:

Renato Caporilli reporting from Kuala Lumpur: AGIP [Italian National Oil Company] will carry out oil research in the Malaysian seas, over an area of approximately 7,000 square km, with the aim of sinking three wells in 5 years. This agreement is the most important specific result of the visit. [passage omitted]

It is an agreement that opens up good prospects for Italian industry, which is also interested in other important projects in this field, and it is in tune with the spirit of our government's mission which Goria reiterated during a press conference ending the visit.

[Begin Goria recording] We think that this is the most dynamic field that the world will face in 10, 20, or 30 years' time. And we want to take part in this growth. We know that to participate we have to increase our presence here. It must be a competent and firmly deep-seated, established presence, one of conviction. We know that to establish our presence here on these terms will need time. I don't know whether to define this as a change in terms of Italian policy, probably not. It is probably an enhancement, a further aspiration which we set ourselves and wish to maintain. [end recording]

[Caporilli] Goria and Andreotti had a meeting with the Malaysian prime minister and foreign minister in Kuala Lumpur and they also discussed international affairs.

There was agreement on how to resolve the Iran-Iraq crisis and on the need for the on-going denuclearization process to be followed up in Asia as well. The fact that even Malaysia now supports Sihanouk's plan for national reconciliation in Kampuchea without setting the condition of a prior Vietnamese withdrawal was welcomed.

Today Goria and Andreotti go to Singapore, the second leg of the trip.

Goria Ends Visit

BK050337 *Kuala Lumpur BERNAMA in English*
0325 GMT 5 Jan 88

[Text] Kuala Lumpur, Jan 5 (OANA-BERNAMA—Italian Prime Minister Giovanni Goria left for Singapore Tuesday after a 3-day official visit to Malaysia.

Goria and his 60-member delegation, which included Foreign Minister Giulio Andreotti, are also scheduled to visit Indonesia and India before returning home.

Foreign Minister Abu Hassan Omar was at the Kuala Lumpur International Airport at Subang to send off the visitors. Also present was Deputy Minister in the Prime Minister's Department Dr Suleiman Mohamed, who was the minister-in-attendance.

Earlier, Prime Minister of Malaysia Dr Mahathir Mohamed and his wife Dr Siti Hasmah bade farewell to Goria and his wife, Eugenia, at their hotel here.

Among the highlights of Goria's visit, the first by an Italian prime minister, was his witnessing of the signing of a production-sharing contract between the Malaysian national oil corporation, Petronas, and the Italian state-run oil corporation, AGIP, for the exploration of oil off-shore of the east Malaysian State of Sarawak.

VOMD Looks at Malaysia, Singapore in 1987

BK021025 *(Clandestine) Voice of Malayan Democracy*
in Malay 1215 GMT 31 Dec 87

[Editorial: "Encourage the Patriotic and Democratic Movement Through All Effective Means of Struggle"]

[Text] Happy New Year to you, comrades! The year 1987, which has just ended, was an exceptional year for the firm determination of the people of various strata of all races in the peninsula and Singapore to defend their own legitimate rights and interests. Patriotic and democratic parties, organizations, and leaders in the peninsula gathered more closely and intimately than in the past to investigate important issues related to the future of the country and to defend the people's rights and interests. Later, they issued a joint declaration on the issues and jointly launched an education and information campaign to enhance the responsibility of citizens. Obviously, the religious, intellectual, and legal circles in the peninsula and Singapore played a more active role than

in the past in firmly asserting their stand to side with all social strata which are discriminated against, oppressed, and exploited. They no longer kept silent about the policies which run counter to the state constitution and parliamentary democracy as well as about acts of corruption. They were even active in making criticism and views of disapproval.

In September last year, his highness the sultan of Perak, who earlier served as lord president, openly asserted the need for the existence of opposition parties to monitor the government and ruling parties and prevent them from abusing powers. In short, the reactionary governments in the peninsula and Singapore, particularly the Mahathir clique in Kuala Lumpur, are further isolated politically. The situation has caused the patriotic groups and open-minded leaders within the ruling cliques to express their disapproval of the political, economic, cultural, educational, and religious policies which are undermining the rights and interests of the country and people. The reactionary regimes in the peninsula and Singapore are greatly frightened by the further growing strength of the patriotic and democratic forces.

In May, June, and at the end of October last year, they repeatedly took off their democratic masks by conducting massive arrests in Singapore and the peninsula respectively under the Internal Security Act. But, the massive arrests have merely reflected the (cruelty) of their reactionary nature. This has not only failed to lessen, but has even sharpened the irreconcilable conflicts between the ruling cliques which represent the interests of a handful of bureaucratic capitalists and comprador capitalists in the two territories on the one hand and the people of all races on the other. Both in Singapore or across the Johor Causeway, the speeches and action of the arrested persons were frank and honest and can serve as a defense in a fair and open trial in any court. Not only are their speeches and action permitted by the constitutions, but they have also in fact defended the people's basic rights guaranteed by and have maintained the supremacy of the constitutions. The two reactionary regimes dare not bring the arrested persons to trial because by so doing they will instead become the accused and will not be able to play on words to defend the sins of enriching themselves by robbing the countries' resources, trampling on human rights, and damaging harmony among races in violation of the laws.

The Mahathir clique conducted massive arrests under the pretext of lessening racial tension and avoiding a race riot. But, it is obvious to all honest people that racial tension has surfaced merely due to the policy of racial chauvinism implemented by the UMNO [United Malays National Organization] leadership and a power struggle between factions within the party. In a seminar under the theme "30 Years of Independence, Where Will We Go?" on 20 September last year, Professor Syed Hussein Ali as chairman of the working committee of the Anticorruption Movement said that administering the country with racist words and policies is one of the origins of racial

tension. The public has predicted that as the administrative power of the government further exceeds that of the judiciary, the ruling authorities will subdue all voices critical of the government. Columnist Dr Tan Chee Koon, former parliamentary opposition leader, pointed out in his article reviewing our country after 30 years of independence that in our country the UMNO is the government and no one believes anymore the tales about a multiracial government. He viewed this as the origin which has put our country in a dangerous situation. He further pointed out that what is more serious is that UMNO's dominant powers center only on a handful of leaders with special interests. There are now signs of corrupt powers, totally corrupt powers among them.

In his article, Dr Tan frankly pointed out that the significance of the existence of the Parliament has now declined more than in the past. It has become an ornament, only a window of the UMNO democracy exhibition. The government holds too much power, to the extent that it can subdue all criticisms. Dr Tan's remarks definitely paint an accurate picture of the current political reality of our country.

The massive arrests may temporarily subdue the voices of the people dissatisfied with the current situation, but this will in no way hamper the people's struggle to defend their immediate rights and interests and prevent the patriotic and democratic movement from moving ahead because the massive arrests cannot resolve the increasingly serious unemployment problems, will in no way alleviate the country's debt burden which is worsening day by day, and most of all will not narrow the widening gap between rich and poor. The massive arrests were aimed at preventing the further disclosure of corruption committed by the big bureaucrats in violation of the laws to develop more massively bureaucratic and comprador capital, and to rob the people of the right to express positive views on the country's policies and to demand that they be allowed to participate in drafting the policies. Thus, the arrests will definitely open up the eyes of the people of all races to the extent that they become conscious that the struggle against the autocratic and dictatorial rule which has violated constitutional principles cannot be launched only through public opinion and ballot papers but also through various truly effective channels to broadly unite and fight to establish a democratic coalition government.

The massive arrests will definitely cause the legal parties and organizations as well as patriotic and democratic leaders to deeply understand the following experience and truth. To oppose the reactionary regimes of the bureaucratic and comprador capitalists, they should first unite and cooperate with the Communist Party of Malaya [CPM] which has been kicked out of the system of parliamentary democracy and which has been unswervingly fighting for over half a century to defend the interests of the people of all races as well as the Malayan People's Army [MPA] under its leadership. They should unite and cooperate with all patriotic and democratic

parties and organizations which are launching an underground struggle, forge a broadly-based patriotic and democratic united front, and fight together against reactionary regimes. Failing to do so, it will be impossible to urge the reactionary regimes to make compromises, though minor, let alone to change the reactionary policies. The suppression of the patriotic and democratic forces by the reactionary regimes will not frighten the revolutionary people of all races of our country who have had rich experience of struggle.

During this new year, let us unite more closely with all forces which can be united through various forms of struggle, broaden a patriotic and democratic united front, foil all treacherous plots of the reactionary regimes in the peninsula and Singapore, and move ahead to achieve the goal of establishing a democratic coalition government.

Singapore

Premier Lee Meets Italy's Gorla 5 January
BK051233 Singapore Domestic Service in English
1100 GMT 5 Jan 88

[Text] The visiting Italian prime minister, Mr Giovanni Gorla, today met Mr Lee Kuan Yew. Earlier, Mr Gorla said he hoped to discuss with Mr Lee new opportunities for strengthening relations between Italian businessmen and their Singapore counterparts. The Italian prime minister described relations between his country and Singapore as extraordinarily good. He said both countries share common views in several areas, especially world peace.

Mr Gorla, who is in Singapore for a 3-day official visit, said his trip to this region was to relaunch relations between Italy and Southeast Asia. Tonight Mr and Mrs Gorla will be hosted to dinner by Mr Lee and Mrs Lee at the Istana.

Cambodia

Afghanistan's Najibullah Addresses Dinner
LD012354 Kabul BAKHTAR in Pashto
1130 GMT 31 Dec 87

[Text] Kabul, 31 Dec (BAKHTAR)—The following is the statement of Esteemed Najibullah, president of the Republic of Afghanistan and general secretary of the PDPA [People's Democratic Party of Afghanistan] Central Committee, at the banquet given in his honor by Heng Samrin, general secretary of the KPRP Central Committee and president of the PRK State Council:

Dear Comrade Heng Samrin, Dear Comrade Hun Sen: I am pleased to express profound gratitude for the warm welcome accorded by your country and your people and your friendly words to our delegation. I am visiting your historic country at a time when the peoples of our two

Asian countries, Afghanistan and Cambodia, have passed through years of hardship and difficulties and are engaged in overcoming the foul influences left to them from the (?past).

For many years the fire of war has blazed in Cambodia. Difficult tests were experienced by your people. The French colonialists, the U.S. aggressors, the butcher regime of Pol Pot, and the undeclared war—all these were tolerated by the heroic people of Cambodia. With sincerity and profound feelings we see how your country, despite all the difficulties and deprivations of war time, is being revived.

We Afghans feel and perceive in a particular way how thirsty the Cambodian people are for peace. Long ago your persecuted people succeeded in gaining the right to a peaceful life; long ago the dangerous tension in Southeast Asia should have been eliminated.

The continuation—and especially the expansion—of tension in this region can create an extremely dangerous situation in this region that will have serious consequences for the whole world.

The present complicated world situation requires that all countries and governments think and act in a new manner in solving major or minor international issues, keeping in mind the facts of our time and considering the specific features of the political forces, interests, demands, and endeavors of not only cofighters and colleagues, but opposition, too, for the high objective of safeguarding peace, life, and the people's prosperity.

Struggle is more actively broadening between forces who act in accordance with the principles of new political thoughts, and those who act [words indistinct] on past policy of force for realization of nonapplicable thought of superiority by military means.

The elimination of regional issues today, without which a secure world cannot be maintained, is being discussed by all international circles with much intensity. The belief in international circles in the fact that the policy of national reconciliation should play a decisive role in the elimination of regional disputes and political problems, is strengthening more than ever before. The international community and the entire world's progressive and peace-loving forces welcomed with interest and affirmation the plan announced by the PRK Government concerning the political solution to the Cambodian problem.

This serious and wise decision from the political standpoint concerning preparation for national reconciliation and logical compromise is for the sake of a high objective—peace in Cambodia—and in the interests and demands of the people of Cambodia to build a new life in peace and conformity. This program in its entirety is a serious step forward toward resolving the political situation created over many years in the country and in

Southeast Asia. Many countries and governments welcomed the efforts by the government of the PRK to resolve the conflict in the country peacefully through political means. The PRK'S initiative has created favorable grounds for a constructive dialogue between interested sides. We are happy that after the fifth congress of your proud party, positive progress could be seen in the economy, as well as in the Cambodian political situation.

The Afghan state and the PDPA Central Committee support and welcome the PRK's constructive proposals. These measures give strength and credence to the policy of national reconciliation that has been implemented in Afghanistan. Our countries and governments should closely cooperate in the realization of the policy of national reconciliation. The grounds for such cooperation are very wide and may include cooperation in exchanging experience on an international level and sharing [word indistinct].

Afghanistan supports the proposal on the convocation of an international conference for obtaining guarantees about the fulfillment of the agreements on the independence of Cambodia and securing peace in Southeast Asia. The convocation of such a conference is an example of the similar international gatherings for peaceful settlements in the problematic regions around the world.

Cambodian friends and all peace loving people warmly and cordially support the PRK's constructive measures. These measures will contribute to the improvement of the situation in Southeast Asia, Asia, and the Pacific Ocean regions and will consolidate peace in the entire world. Surely, the success of the policy of national reconciliation to a large extent depends on the manifestation of good will by the opposition in light of the political realism and interests of our people who affirm that there is no alternative means of achieving political settlement.

The counterrevolution—encouraged and instigated by international imperialism which even resorts to all types of cunning methods such as brainwashing, scare tactics, oppression, and violence—will face historic reality which will cause them to turn toward the sun and grow like powerful sprouts. People know that national reconciliation is the only path toward the realization of peace and tranquillity.

Dear comrades, our visit to Cambodia comes simultaneously with our visit to the SRV. We have widely assessed important international issues, including international peace and security, the reduction of nuclear weapons especially in light of the results of the recent negotiation between M.S. Gorbachev and Ronald Reagan and the signing of the treaty eliminating intermediate- and short-range missiles as a principal step toward establishing a suitable climate to resolve regional tensions and the situation in Afghanistan and Cambodia, and other issues. Our talks with the Vietnamese leaders,

as has been expressed in the joint communique issued at the end of our visit, brought satisfactory results toward further closeness in our stands and fulfillment of our international activities.

We expressed decisively our opposition to the interfering and war-mongering policies of imperialism, the aim of which is instability in Afghanistan and Cambodia and the creation of tension in Southwest and Southeast Asia. We expressed wishes for establishing and strengthening peace in Asia and the Pacific and the Indian Ocean as well as for the improvement of relations with the PRC.

Afghanistan approved the proposal on security for Asia and praises the joint struggle of the people of Cambodia, Laos, and Vietnam. We consider as useful the annual meetings by the foreign affairs ministers of these three countries to consolidate stability in the region. We support the timetable for the withdrawal of the volunteer soldiers of Vietnam up to 1990 in accordance with the principles discussed in the national reconciliation program in your country. I think it necessary to declare the decisive support of the Afghan Government for the national reconciliation policy and particularly the Paris declaration issued by Comrade Hun Sen and Prince Norodom Sihanouk. We hope that greater results will be achieved in the next round of talks in January in Paris.

We believe that reconciliation is the only way of ending bloodshed. We know well that the implementation of the policy of national reconciliation is not devoid of problems. There are some forces inside society—adjacent to the borders and in international centers, whose life depends on bloodshed—which strongly resist. They place at the disposal of the opponents of peace and reconciliation not millions but rather billions of dollars as well as a large amount of modern weapons and the use of neighboring countries' bases and extensive propaganda facilities.

The policy of national reconciliation and the cessation of bloodshed faces the stubborn resistance of armed extremist (?groups). However, the call of peace is the call of righteousness and it will succeed. This call is well understood by those families and people who have lost their relatives and the ability to carry out peaceful work.

The victories achieved in a short time after the declaration of the national reconciliation policy are victories for the people themselves. Today we have embarked on a national reconciliation policy both at the low level—village, locality, district, and major district—and at the high level—the formation of coalition government. The national reconciliation policy is intended to create peace.

I point out some examples: More than 3,000 national reconciliation commissions have been formed all over the country in which more than 3,000 former commanders and members of antistate groups are included. Two

of our provinces have been declared peace zones completely, and more than 1,600 villages have joined peacefully with the people. More than 100,000 Afghan emigrants have returned home. If it was not for the obstacles created by the rulers of Iran and Pakistan, more than 90% of them would have returned. Around 40,000 of the armed groups have stopped fighting and confronting the people and have joined the national reconciliation.

Today, all the cities and centers in the provinces are under state control. To form a coalition government, 28 state posts, including the prime ministry, have been proposed by us for the opposition side. However, our people, like your people, fight with one hand against the enemies of peace and with the other to build their country. The new constitution, the constitution of reconciliation, ensures the republican system and parliamentary democracy. We have so far extended three times the unilateral cease-fire.

Due to our flexibility and forbearance, talks continue between Afghanistan and Pakistan with the participation of the envoy of the UN secretary general. We have recently issued a declaration regarding the return of the limited forces of the Soviet Union. We have also taken steps and we are hopeful that the next round of Geneva talks will be the last. Right now the Soviet forces, which have come to our country at the legal request of the Afghan Government, have left 13 provinces and do not play a practical role in the operations against opposing armed extremist groups.

We discussed our experiences and achievements with our Cambodian brothers: the new political drive, the policy of national reconciliation—which has become a universal reality for the settlement of regional disputes—and the so-called small wars. We have given information about our values and experiences.

Although Afghanistan and Cambodia deal with different situations, the exchange of experience between them will be very useful.

Dear comrades, I am sure the day will soon come when our people's suffering and pain will become part of the past. But the people will never forget the names of those heroes who gave their lives for the sake of independence and freedom, and for the sake of a bright future for their country. I wish strength and bravery for you to reach this successful future. As one cannot return to the roaring [word indistinct] similarly one cannot stop the efforts of people for peace and prosperity.

Permit me to raise my glass for the prosperity and welfare of the people of Afghanistan and Cambodia, for the solidarity between our parties and people, for the health and success of you, dear Comrade Heng Samrin, Comrade Hun Sen, and other esteemed comrades present at this ceremony.

Sihanouk Counters Criticism of Talks

*OW050235 Tokyo KYODO in English
0222 GMT 5 Jan 88*

[Text] Bangkok, Jan. 5 KYODO—Prince Norodom Sihanouk, head of the anti-Vietnam Kampuchean resistance alliance, said Monday there are two points he will never concede in peace negotiations—the need for a complete pullout of Vietnamese troops from Kampuchea under a clear timetable, and the establishment of a non-communist, neutral Kampuchea.

Unless Hun Sen, prime minister of the Vietnamese-backed Kampuchean Government, or Vietnam accepts the two points fully, Sihanouk said he would never be a party to any agreements over the Kampuchean problem.

The prince clarified his views in a statement dated December 29 which was released by his office in Bangkok Monday.

The statement was Sihanouk's official response to criticism of him by Kampucheans in various circles over his peace talks with Hun Sen conducted on the outskirts of Paris on December 2.

In the statement, Sihanouk countered such criticism and emphasized the importance of his talks with Hun Sen, saying no chance, however small, should be missed that would help restore peace and independence to Kampuchea.

Sihanouk went ahead with the Paris talks with Hun Sen despite opposition from his two resistance partners.

The partners—the anti-communist Khmer People's National Liberation Front under Son Sann and the Khmer Rouge (or so-called Pol Pot) group—say they will not accept any negotiations unless Vietnam attends.

Sihanouk asserted in the statement that Hun Sen is virtually a representative of the Vietnamese and that his talks with Hun Sen were the same as if they had been with the Vietnamese.

As long as the three resistance partners fail to find any way to resolve the nine-year Kampuchean conflict, Sihanouk said, his talks with Hun Sen were better than the Pol Pot faction's policy of continued armed struggle or Son Sann's persistence in fruitless "agitation" activities.

Sihanouk is scheduled to have a second round of discussions with Hun Sen in France by January 27.

Sihanouk-Hun Sen Talks To Be Held in France
PM050852 Paris LE MONDE in French
3-4 Jan 88 p 4

[Unattributed report: "Prince Sihanouk and Hun Sen Will Meet in France"]

[Text] The next meeting between Prince Sihanouk and Phnom Penh Prime Minister Hun Sen might be held in France after all, the prince's entourage said on Friday, 1 January. The prince had announced 3 days earlier that he would meet with Hun Sen in Pyongyang. Meanwhile, a reliable French source said that the French Government had "not been informed" that the North Korean capital had been chosen, adding that "the prince remains France's guest for as long as he so wishes."

However, according to a reliable source, the location originally proposed for the meeting—Henri IV lodge in Saint-Germain-en-Laye—is no longer being considered. Prince Sihanouk and Hun Sen would meet in another place yet to be decided. In addition, their talks might begin earlier than expected, in other words before 27 January.

Sihanouk Pledges Joint Fight With Khmer Rouge
AU051138 Paris AFP in English
1126 GMT 5 Jan 88

[Excerpt] Paris, Jan 5 (AFP)—Cambodia's Prince Norodom Sihanouk pledged unwavering joint action against the Vietnamese occupation of his country in a message to Khmer Rouge leaders Khieu Samphan and Son Sen released here Tuesday.

He said his own army of an estimated 15,000 troops would "continue to fight without thought of withdrawing...until the departure of the last Vietnamese soldier from Cambodia."

Prince Sihanouk, who was replying to New Year greetings from the Khmer Rouge leaders, sent wishes for "your great success in our joint struggle on the battlefields of Cambodia against the Vietnamese colonialists." [passage omitted]

Prince Rannarit on Sihanouk-Hun Sen Talks
BK021121 (Clandestine) Voice of the Khmer
in Cambodian 0500 GMT 2 Jan 88

[Station correspondent's interview with Prince Norodom Rannarit, personal representative of Samdech Norodom Sihanouk for Cambodia and Asia and commander in chief and chief of the General Staff of the Sihanoukist National Army—recorded]

[Text] [Correspondent] I, Kim San, correspondent of the Voice of the Khmer, pay all my respects to Your Highness Prince Norodom Rannarit, personal representative of Samdech Norodom Sihanouk and commander in

chief and chief of the General Staff of the Sihanoukist National Army [ANS]. First of all, I humbly beg permission from your highness to pose the following questions.

I have learned that your highness also attended the first talks between Samdech Norodom Sihanouk and Mr Hun Sen, prime minister of the Phnom Penh regime, held in France early last December. My first question: Has your highness noticed any concrete stand of the Vietnamese in helping to seek a political solution to the Cambodian problem?

[Rannarit] First of all, I would like to thank you who represent the Voice of the Khmer for interviewing me at this moment after my return from participating in the recently concluded consultation between Samdech Norodom Sihanouk and Mr Hun Sen.

The facts in the Sihanouk-Hun Sen meeting are:

First, Samdech Norodom Sihanouk graciously received Mr Hun Sen in France because he held that although the tripartite Cambodian national liberation movement has won success in the international arena as well as on the battlefields inside Cambodia, the solution to the Cambodian problem remained deadlocked. Moreover, he held that there is now a major international current wishing to see us settle the Cambodian problem and felt that the ground is now more receptive to the settlement of the Cambodian problem. Furthermore, Vietnam itself is experiencing hardship both at home and in Cambodia. A cursory observation shows that the circumstances have been favorable for us to seek a solution to the Cambodian problem. For these reasons, Samdech Norodom Sihanouk deemed it necessary to receive Mr Hun Sen.

Let me stress that the samdech received Mr Hun Sen in his capacity as a Cambodian figure. And he received Mr Hun Sen as a Cambodian, but a Cambodian who represents Vietnam. The essential point is this. So long as we continue to insist that we must meet with Vietnam and Vietnam keeps refusing to meet us, no discussion is possible, and without discussion how can we solve the Cambodian problem? The main question rests in the following statement by the samdech: I represent Cambodia! Although I am taking temporary leave from my position as president of Democratic Kampuchea, I still represent Cambodia whereas Hun Sen represents Vietnam. My talking to Hun Sen is as good as me talking to Vietnam!

Therefore, you are quite correct when you ask me whether Vietnam has any concrete stand regarding the Cambodian question, for talking to Hun Sen is like talking to Vietnam.

After 3 days of talks, the two sides reached some political agreements that you already know. I do not have enough time to explain them in detail here. You already know all

about this from the joint communique. There is however one question that puzzles some observers: Why is there no mention of Vietnamese troop withdrawal?

I would like to inform you of this matter as follows: When our side, and especially I myself, Norodom Ranarit, asked Mr Hun Sen the question about the Vietnamese troop withdrawal, Mr Hun Sen answered: Wait, when we talk about independence in Cambodia it automatically means that there will be no foreign troops inside our country. I then said this to him: Your excellency has repeatedly said that Vietnam will withdraw troops in 1990. Why did you object to the idea of including the Vietnamese troop withdrawal clause in the joint resolution? He replied that we would discuss this question of Vietnamese troop withdrawal in the next meeting.

In conclusion, this was all we got. You might say that this seems like very little. In reality, this meeting was quite important: Though the samdech in fact met with Hun Sen, we have the impression that he met with Vietnam. This means that, according to my personal observation, Vietnam is preparing to pull out, but it is seeking some conditions that would allow it to pull out with some gains. The Vietnamese would not accept withdrawing without making some profit.

Moreover, I would like to stress that during this first meeting, the samdech clearly told Mr Hun Sen that without signing a truce agreement, the samdech and his Sihanoukist army would continue to fight the Vietnamese enemy until there are no more Vietnamese soldiers on Cambodian soil. This is the truth. In his statement, Mr Hun Sen wondered aloud about the samdech's side assuring him it would continue to fight. This was what bothered him, whether he admitted it or not. I would like to stress that at that time the samdech did tell Mr Hun Sen that the samdech and his resistance forces would continue to fight until all Vietnamese troops are driven out of Cambodia. Not a single Vietnamese soldier will be allowed to stay on Cambodian territory. If Mr Hun Sen considered himself a Vietnamese, it would not be Samdech Sihanouk's fault.

I would like to further add that the samdech did clearly confirm this to Mr Hun Sen: First, the settlement of the Cambodian problem must be realized by the four parties, meaning that all Cambodians, the Cambodians from all parties, must agree to talk to each other and resolve this Cambodia problem. Besides, when Mr Hun Sen pointed out that the two other factions did not join in the meeting and asked whether the samdech would agree to become the president of his group, the samdech said: Excellency, that is enough. I will never go to Phnom Penh! Never! I will never go to Phnom Penh in the framework of your so-called People's Cambodia. I will return to Cambodia only when Cambodia is 100% independent with 100% sovereignty. I return only when Cambodia is no longer a communist or socialist state and when it advocates a liberal democratic ideology like

France. Please, stop asking me to go back to Cambodia. So long as Cambodia remains a foreign satellite, I will never return! I am not accepting your offer to become president. I am not going now and, I tell you, I will not go after future talks.

Therefore, this consultation was not without results. Each side was able to make its position clear. Now, we have said so long to each other. The second meeting will take place in January.

[Correspondent] Highness, do you have any expectations about the second consultation between Samdech Norodom Sihanouk and Mr Hun Sen to be held on 27 January?

[Rannarit] First, let me tell you that we should not set our hopes too high, for we must recognize that after decades of war of aggression we just cannot resolve the Cambodian problem and bring an end to the war of aggression of the communist Vietnamese after holding only two meetings. Nevertheless, when we hold talks, especially talks between the samdech and Mr Hun Sen, who represents Vietnam, we hope that we will be able to resolve the Cambodian problem. For the second meeting, the samdech clearly told Mr Hun Sen that there would be two main issues: First, the program or plan for the withdrawal of Vietnamese troops from Cambodian territory and second, the question about the future political regime of Cambodia.

On the first issue, the samdech has made it clear to international and national opinion and especially to Vietnam, represented by Mr Hun Sen, that he would like to be informed by Vietnam how many months it will take Vietnam to withdraw all its troops from Cambodia and under what conditions. It is not enough just to sit down and assure the samdech not to worry because Vietnam has promised it is going to withdraw by 1990. It would be great if we could create conditions for the troop withdrawal. According to my opinion—Norodom Ranarit's opinion—the samdech would never accept it if Mr Hun Sen on behalf of Vietnam failed to confirm a program and conditions for the withdrawal of Vietnamese troops from Cambodia.

Regarding the second issue, the samdech has told Mr Hun Sen once already that he holds that only one regime is able to provide a full guarantee for Cambodia and its people. This guarantee can be obtained from a liberal democratic political system like those in France, the United States, and so on. The samdech said that Cambodia in the future must have political parties, leftist, centrist, rightist, communist, and other parties, and must have a national assembly with deputies freely elected by the Cambodian people. It must have a government stemming from and assuming political responsibility before a national assembly born out of the pure will of the Cambodian people. If Cambodia and its political regime do not conform to all these criteria, we cannot talk about any guarantee for the future and

freedom of the Cambodian people. In other words, the samdech will absolutely not accept it if the other side—namely Vietnam—refuses to clarify the two issues: First, the complete withdrawal of Vietnamese troops from Cambodia and second, the return of Cambodia back to a 100% independent, neutral, and sovereign state.

[Correspondent] In conclusion, does your highness have any words for all Cambodian patriotic forces and Cambodian people who are listening to the radio?

[Rannarit] In answer to this third question, first of all in my capacity as the royal representative of Samdech Norodom Sihanouk and commander in chief of the ANS, I would like to extend in the noble name of Samdech Norodom Sihanouk great praises to all valiant ANS combatants as well as all Cambodian resistance fighters for the sacrifices you have made in the lofty mission of the nation. In his talks with the other side, with Mr Hun Sen in particular, the samdech has relied on his children who are the brave ANS combatants and all fighters in the national liberation movement. This is because only the military results won in the country together with the pressure exerted on Vietnam in the international arena are the instrument forcing Vietnam to come to the talks through the proxy of Mr Hun Sen to solve the Cambodian problem and return independence and freedom to the Cambodian people. Moreover, Samdech Norodom Sihanouk is very well aware that throughout Cambodia all grandpas, grandmas, uncles, and aunts—his children—after learning that the samdech is going to return to Cambodia have become delirious with joy and emotion. For them, the return of the samdech means the return to a Cambodia of freedom and independence, prosperity and happiness. The samdech knows this very well. His only true dream is to return to meet all his children. But the grandpas, grandmas, uncles, and aunts should understand that it is impossible for him to return home so long as there are no conditions for our beloved Cambodia to become 100% independent. I have said this before. It is impossible for the samdech to go back to rule and become the head of a state that is a foreign satellite.

In conclusion, if all his children want to offer the samdech the possibility to return to rule the Cambodian fatherland, there is only one way out: You must continue the struggle and continue to give resolute support to the Cambodian national liberation movement, the ANS as well as all patriotic armed forces. This is in order to offer the samdech the possibility during his talks with Mr Hun Sen to seize back from Vietnam 100% independence, freedom, and sovereignty for our beloved fatherland.

[Correspondent] In my own name as the correspondent of the Voice of the Khmer and on behalf of all Voice of the Khmer listeners, I would like to express deep thanks to your highness for graciously granting us this profoundly significant interview.

48 Vietnamese Soldiers Killed in Clashes

BK011139 (Clandestine) Voice of the Khmer in Cambodian 0500 GMT 1 Jan 88

[Text] The Voice of the Khmer newsroom has learned that 48 Vietnamese soldiers were killed and 29 others wounded, and 8 Heng Samrin soldiers and 2 militiamen were killed and 1 Navy boat, 4 speed boats, and 18 motor boats were sunk in a clash and some attacks by noncommunist patriotic army combatants in the Tonle Sap Lake region in Siem Reap and Battambang Provinces.

A report from the Sihanoukist National Army Supreme Command said that at 0800 on 17 December, ANS combatants of the 126th Battalion of the 1st Division ambushed 50 Vietnamese soldiers traveling from Phum Prey in Srei Snam District, Siem Reap Province, to the mouth of the river 1 km away. The ensuing 10-minute battle resulted in three Vietnamese soldiers killed and two wounded.

A report of the KPNLF Supreme Command said that from October to the end of November, 1987, KPNLF combatants intercepted Vietnamese-Heng Samrin soldiers in three places along the bank of the Tonle Sap Lake: the first at Boeng Teak Chruk, the second at Chheu Kaong, and the third at Chong Krapuk Kasak in Sangke District, Battambang Province. In these three interceptions, KPNLF combatants killed 44 Vietnamese soldiers and wounded 26 others, killed 8 Heng Samrin soldiers and 2 militiamen, and sank a Navy boat loaded with Vietnamese war materiel, 4 speed boats, and 18 other motor boats. Three KPNLF soldiers were wounded.

At 0845 on 5 December, KPNLF combatants in the 4th Military Region clashed for 10 minutes with some 30 Vietnamese soldiers at Labenh and Thippade Villages in Moug Russei District, Battambang Province, killing a Vietnamese soldier and wounding another.

Indonesia

Suharto on Role of Oil Sector in Economy

BK050615 Jakarta ANTARA in English 0559 GMT 5 Jan 88

[Text] Jakarta, Jan 5 (ANTARA/OANA)—President Suharto firmly stated here Tuesday that the price of oil still has a big influence on Indonesia's foreign exchange earnings and state revenues.

Delivering a draft state budget for the 1988/89 fiscal year before a plenary session of the House of Representatives here, the president further said that the oil price has also a great significance to economic growth and national development.

He disclosed that in the last few months, Indonesia's foreign exchange earnings from the exports of non-oil/gas commodities have increased impressively.

However, the head of state warned that the nation must not overlook the foreign exchange earnings from oil and gas.

He also unveiled that earnings from non-oil/gas commodities have far surpassed those from the oil/gas sector in the composition of domestic revenues in the state budget.

"As is the case with its role as foreign exchange earner, receipts from oil/gas continue to be important sources of revenues," President Suharto insisted.

In this connection, the head of state emphasized the importance of having a reasonable and stable price of oil. Fluctuating oil prices, especially when they tend to fall, have created difficulties for the government in drawing up state budget and economic planning in general, he added.

According to the president, one of the important elements for ensuring reasonable and stable oil prices is the question of world supply and demand.

Recently the Organization of Petroleum Exporting Countries (OPEC) set the production output of its member states in order to ensure such reasonable and stable prices. The price is US\$18 per barrel for Arabian crude. As for the type of Indonesian oil, it means that the average price is US\$17.5 per barrel.

However, the president said that the oil prices in the world market have not been stabilised yet. One of the reasons, according to him, is because there is a quite large oil reserve stocked by the advanced industrial countries.

Therefore, he went on, it is highly cautious attitude when drafting the current state budget the government used the oil price calculation at an average of US\$16 per barrel for the 1988/89 fiscal year.

This doesn't mean, however, that Indonesia is going to deviate from the common agreement reached during the last OPEC meeting, he asserted.

He said that it is of a primary concern to Indonesia if this agreed OPEC price could be realized and to this end it will mainly depend on OPEC members to strictly honour and comply with OPEC total joint production and the quotas for the respective member states.

The price setting for revenues in the 1988/89 state budget is based on the prediction of the present situation which demands for a cautious and realistic attitude.

"Should the price of oil eventually improve, we will then have the chance to intensify again all our development activities and plans," he acknowledged.

On the occasion, President Suharto recalled on a bitter experience when the oil price rapidly dropped in 1986, which was far below the price that had been envisaged in the state budget.

Therefore, it is a responsible and wise act if the country was prepared from now on to face bad situation, President Suharto concluded.

Mokhtar Reviews Foreign Policy in 1987

*BK041211 Jakarta ANTARA in English
1154 GMT 4 Jan 88*

[Text] Jakarta, Jan 4 (OANA-ANTARA)—Foreign Minister Mokhtar Kusumaatmaja stated here Monday that the Indonesian foreign policy has so far been stable and in line with the preamble of the 1945 Constitution.

In his year-end assessment read out before editors in chief of various Jakarta mass media at the Foreign Ministry, he further said the Indonesian foreign policy was in line with the principles laid down by the Indonesian leaders during the independence days reflecting anti-imperialism, anti-colonialism and anti-racism policies.

According to Mokhtar, the role of the Indonesian foreign policy in 1987 was consistently directed towards the realization of the world peace and the welfare of mankind.

He also disclosed that in 1987 the Indonesian foreign policy was also directed towards the efforts of maintaining of the world peace and order.

Indonesia, he went on, in 1987 also established diplomatic relations with Cyprus, while several countries and international organizations, such as Tunisia, the Asian Development Bank (ADB) and the International Red Cross Society opened their representative offices.

The minister also noted that towards the end of the year 1987, the international situation has not changed significantly. The international political situation was still marked with East-West confrontation, while a total lessening of tension and a world peace still needed continued efforts although there were dialogues between leaders of the United States and the Soviet Union.

In this connection, Minister Mokhtar pointed to the continued armed conflicts in various parts of the world. Such conflicts have concerned leaders of the world since they have claimed innocent people [as received] and threatened the world peace and security, he added.

Concerning the East Timor issue, Minister Mokhtar said that "we should be aware since some anti-Indonesia elements are always trying to make use of various international forums to attack Indonesia."

He also considered the Kampuchea issue as the main stumbling bloc for the creation of a zone of peace, freedom and neutrality in Southeast Asia.

Indonesia, he went on, is very interested in the maintenance of peace and stability in the southern Pacific region.

A stable and peaceful southern Pacific would be able to support efforts by Indonesia and other ASEAN countries to make Southeast Asia a zone of peace, freedom and neutrality, he insisted.

He is of the opinion that during the last one year, relations between Indonesia and Papua New Guinea have been progressing well. This was reflected by the increasing visits of officials of the two neighbouring nations, he added.

He hoped the forthcoming visit of the PNG prime minister, Paias Wingti, to Indonesia this month the existing good relations between the two countries would be more strengthened.

Laos

Thai Shelling Into Boten Reportedly Continues

BK051030 Vientiane Domestic Service in Lao
0000 GMT 5 Jan 87

[Text] According to a local news report from Boten District, on 3 January, the ultrarightist reactionary troops from the Thai 3d Army Region opened two salvos of artillery shelling into Lao territory. The first began at 0945 when they heavily bombarded Hills 1370 and 1428 with 105-mm and 155-mm and DK-75 artillery. The second salvo went from 1100 to 1600 during which they fired 150 105-mm and 155-mm artillery shells at the two hills, Phou Viang Mountain, and Phiang River.

From 0500 on 4 January, the Thai ultrarightist reactionary troops continued to fire dozens of 105-mm and 155-mm artillery shells at the two hills. At 1000 on the same day, they fired 25 artillery shells at Hill 1374. The large-scale artillery shelling by the Thai ultrarightist reactionary troops has caused severe damage to Laos' natural resources and constituted a grave threat to the Lao and Thai peoples living along the border. We demand that the Thai ultrarightist reactionary troops immediately put an end to their action; otherwise, they will be held responsible for all the adverse consequences.

More Thai Troops Sent Into Boten Area

BK051034 Vientiane Domestic Service in Lao
0430 GMT 5 Jan 87

[Text] According to a local news report from Boten District, on 2 January, the ultrarightist reactionary troops from the Thai 3d Army Region dispatched a reinforcement of three companies—two Ranger companies from Divisions 35 and 36 and a border police

company—into the area west of Boten District. On the same day, they indiscriminately fired artillery shells into the vicinity of Heuang and Phiang Rivers and Phou Viang mountain which are located from 7 to 13 km inside Laos.

On 3 January, a battalion and two companies of Thai troops from the 1st Infantry Division and four 155-mm artillery pieces were sent to the area northwest of Phou Viang Mountain. On the same day, the Thai ultrarightist reactionary troops again indiscriminately fired nearly 100 artillery shells into Lao territory in the vicinity of Heuang and Phiang Rivers and Phou Viang mountain from morning to evening.

Besides the regular artillery shelling into Lao territory, the ultrarightist reactionaries have also prohibited the long existing trade and visits between the Lao and Thai people on the two sides of the border in Sayaboury Province. The said actions of the Thai ultrarightist reactionaries run counter to the 1979 Lao-Thai joint communique and aspiration of the Lao and Thai peoples as well as the epochal trend.

Sali Vongkhamsao Talks With Thai Newsmen

BK041515 Bangkok MATICHON SUT SAPDA in Thai
27 Dec 87 pp 13, 14

[Statement of Sali Vongkhamsao, Vice Chairman of the LPDR Council of Ministers and Chairman of the LPDR State Planning Committee, given in Vientiane to Thai correspondents during their 1-10 December visit to the LPDR]

[Text] The Brotherly Spirit of the People Can Never Fade [subhead]

As you are representatives of the Thai mass media, I am honored by your visit. We can talk in a friendly atmosphere fitting the saying that Thailand and Laos are brotherly countries. The brotherly spirit of the people of the two countries will never fade, and nothing could obstruct this spirit. Some people may feel that different administrative systems will be an obstruction; this understanding is false. In the past Thailand and Laos were kingdoms ruled by their respective monarchs and administrative systems. Now although Laos is a republic and Thailand is a kingdom, the brotherly spirit existing between the two countries has not changed.

You probably remember that in 1979 the Thai and Lao prime ministers signed a joint communique on making Mekong a river of peace and friendship. The river has served as the common border for Thailand and Laos since the olden days. The French colonialists demarcated the border in 1904 and again in 1907. In 1947 after World War II the territories affected by the demarcation were returned to the previous owners. Historically speaking, Phrathat Si Songlak in Loei Province served as a

border point between Siam and Si Satchanakhanahout or Lan Xang. There is no problem about the border there, and there is no point in reviving the issue because it serves no useful purpose.

When There Is a Problem, We Can Talk About It Calmly [subhead]

The people in the five countries living along the areas that border with Laos understand the spoken language of each other. They understand each other when they talk about eating rice, fetching buffalo or cattle. Their countries may have different administrative systems but they maintain the brotherly spirit among each other and love each other. They maintain the bond of friendship and try to avoid disputes. Even the two superpowers have to maintain dialogue to preserve global balance; they want to coexist in peace.

This is the supreme desire of everyone. Even exploiters or warmongers want peace and want to coexist with others. I do not think anyone seeks a war. For this reason, if any problem arises we can talk it over peacefully. Laos and China are searching together for a solution to their problems, witnessed by the joint statement made during the visit of a Lao delegation recently. Laos does not want China to harbor evil people by arming them to wage hostility in Lao territory. Laos also wants to normalize friendship with China, and China has agreed to discontinue support for those people.

My colleagues and I never used the term brotherly countries vis-a-vis China. We never used the term with Vietnam, Burma, or Cambodia. That term is used exclusively with Thailand. The Thai Government or people should think about this; if this point is clearly understood the problems between us will be easy to solve.

My colleagues and I have sincerely implemented the joint Thai-Lao communique. We have never done anything to offend the Thai monarchy. Over the 12 years since the Lao national construction began we have respected the Thai supreme institution. You members of the mass media must help solve the problems between Thailand and Laos, and it is best to speak the truth to each other.

Communism Is Not Contagious Like AIDS [subhead]

The Lao people do not talk about something they do not know to be factual. They will not say that Thai people suffer from hunger. On the contrary, the people on the other side of the river often say that Lao people face hunger and that no religion exists in Laos in the past 12 years. I am just pointing out that if they do not know the facts it is better that they do not talk. I am not making this up. Before coming to Laos, some Thai people would be told to be on guard because they were going to a

communist country. Communism is not a contagious disease. Everyone is afraid of AIDS, but communism is not AIDS. It is not possible to sell an ideology, it is spread by application.

As I understand it, everyone wants to do good deeds and does not want to see people kill or insult each other, regardless of to what tribe the other belongs, what kind of education he has, or what he does for a living. We do not want to see any act of insult. A person has no education because he has no opportunity. The government must provide a school for him. My colleagues and I will revolutionize the country to bring knowledge to and improve the economy of the rural people. This is our true intention. The people have the right to adopt what they want; they are not forced to adopt something, such as religion.

My colleagues and I cannot order people not to become monks. Even if a law is enacted for the purpose they would not obey. For this reason, people must be permitted to do things that are not wrong so that they will love their country and their communities and will defend them from plunderers. Laos has a small population and is one of some 20 underdeveloped countries. We try to keep our people fed and make them help and share things with each other. But looking at it objectively, over the past 12 years we always have had to struggle. Frankly speaking, we have suffered for over 300 [figure as published] years of wars. As in other countries, some wars were necessary in the interest of national independence. You journalists can write what you see factually. We feel that the problems between Laos and Thailand will be solved and the communique of 1979 will be implemented.

To say clearly, please discontinue harboring armed Lao displaced people. We know where these people stay. Although we are a small country and underdeveloped, we know who arm them. I suggest that we speak the truth. We have never armed anyone, including the Green Party or the New Communist Party to attack Thailand. A revolution cannot be exported. Anyone can buy books and read about political theories, there is no ban against that; but no one dares to apply what they read.

I told the Thai ambassador that I have never held a grudge against Thailand. The papers can say anything they want but it is not true. I alone cannot take over Thailand. About 500,000 Americans tried to occupy South Vietnam, and they eventually had to flee. Once some 50 Thai soldiers were in Laos; they were stationed in Soui, Xieng Khouang, Pak Song, Champassak, and Lam Soen. You visited Route 9, they were there, too. We are speaking the truth. In the latest operation, a unit led by Hoang Co Minh was sent through the southern part of Laos in August. Unit members were captured. I learned that they were trained in Udon Thani for 1 and 1/2 years before being sent through Laos to missions in Vietnam. If the Lao people do not like to stay in their country and

flee to Thailand, they should be given land to earn a living there. But if any of them is armed to subvert the new system in Laos he should be expelled.

To Ban Trade Is To Fan Trade [subhead]

I feel that it is impossible to ban trade between Laos and Thailand. Goods will continue to cross the border despite the presence of the Mekong River patrol boats and customs officers. I think it is better to allow trade by both sides and just collect taxes as appropriate. Banned goods such as cement and steel continue to cross the river to Laos. It is better to allow trade exchanges, as the economy will improve.

Let me ask you if you ever saw a Lao Government announcement prohibiting its people from trading with Thailand. However, Thai Government announcements on this exist. The Thai list of prohibited goods now includes 60 products. Once 263 products were on this list. I am in charge of national planning, and I have never issued a order prohibiting the Lao people from trading with Thailand. Trading is prohibited only on products which we must protect because of their value to the country. It is not possible to ban trading of other products, such as timber. Where could Lao timber be sent if not to Thailand?

You may think that by constructing Route 9, Laos will stop using other routes. It is not the only route; we must have more than one route through the country. We will trade with China and Cambodia if we have roads to those borders. Laos has no plan to isolate itself. You cannot isolate yourself if you are already poor. By implementing this line, the life of the Lao people has improved gradually and will be peaceful. Last year agricultural areas in 10 northern provinces suffered from drought, and the yields were small. We tried to solve this problem with the assistance of international organizations, enabling our people's lives to improve.

Readiness For Foreign Investment [subhead]

You may want to compare with Bangkok. Beef there costs about 50 baht, or about \$2. In Laos, \$2 is equal to about 800 kip which can buy the beef along with other food articles. I am not boasting but am speaking the truth. Sticky rice in Thailand is also more expensive than in Laos. It is difficult to say which people on which side of the river enjoy better living conditions.

Thailand is a developing country, and I think Japanese investment makes up about 60% of overall foreign investment there.

Laos is an underdeveloped country, and it relies on trade with other countries, such as Singapore, Hong Kong, Japan, Germany, and even Vietnam and Thailand. There is no ban against foreign investment in my country, and several countries have made investments in Laos. The lack of overland routes to the sea deters

foreign investment in my country. The French stayed for nearly a century, and the Americans occupied Laos for about 20 years but they could not finish Route 13. I want foreign investment but investors also want roads.

Based on the law or the Constitution, foreign investment contracts will have to clearly stipulate how much of the shares belong to the state and what privileges it has. But many prospective investors withdrew because of lack of roads. For example, there was a contract for cutting timber in Nam Ngum Dam area but the contractor withdrew after encountering problems in his operations. Some major figures in Thailand also wanted to make investments in Laos but nothing has materialized so far.

We are ready to allow foreign investment after prospective investors first consult in detail with us. Several Thai companies indicated that they wanted to invest in Laos. But investments must be preceded by detailed consultations. Legal issues might be involved, but difficulties could be surmounted. The important thing is that investment must suit the situation and proceed toward our targets. So far no countries have shown courage enough to make investments in Laos.

Our own investments use the capital which we borrowed from abroad. The hydroelectric plant in southern Laos was also constructed with borrowed funds. Soviet loans are used in construction of Route 9, while the Asian Development Bank provides loans for Route 10.

We have no experience in joint investment with companies from capitalist countries. But I think you understand well about friendship between the Lao and Thai people. We are sincere and honest with regard to the joint Thai-Lao communique. We will not do things which displease the Thai people and will try to seek ways to jointly solve the problems between the two countries, as well as will try to restore brotherly relations step by step.

Economically and politically speaking, no country can exist by itself. We must maintain contacts and dialogue. Laos maintains contacts with other countries. Thailand and Laos are separated only by the Mekong River; we can contact each other everyday, and we understand each other's language.

In Laos, the state and the private sector have access to each other. Although you come from the private sector, there will be no problem if you seek exchanges. I want to welcome your visit. You have seen many things but not everything yet, such as the caves and tunnels which we once used while fighting the French. I hope you will visit us again.

Press Release on Soviet Delegation's Visit

BK020953 Vientiane Domestic Service in Lao
0000 GMT 26 Dec 87

["Press release" on the visit by a delegation of the Soviet Committee for the Defense of Peace from 15-23 December—date not given]

[Text] At the invitation of the Lao Committee for Peace and for Solidarity and Friendship With Other Peoples, the delegation of the Soviet Committee for the Defense of Peace paid a visit to Laos from 15-23 December. The delegation met with Comrade Singkapo Sikhochounlamani, president of the Lao Committee for Peace and for Solidarity and Peace With Other Peoples, and some auxiliary cadres. The delegation also met with the committees in charge of the Lao-Soviet Friendship Association work in Luang Prabang and Vientiane.

The delegation was accorded a warm welcome by Comrade Inpong Khai-gnavong, member of the LPRP Central Committee and deputy head of the party Central Committee foreign relations committee. In addition, the delegation also called on Comrade Bolang Boualapha, member of the LPRP Central Committee and vice chairman of the Lao Front for National Construction Central Committee.

During its visit to Laos, the delegation visited some ruins, cultural centers, and production foundations and presented a lecture on the signing of a treaty between Comrade Gorbachev, general secretary of the CPSU Central Committee, and U.S. President Ronald Reagan on 8 November, which was a great step toward achieving genuine peace. During the talks, the delegations of the Lao and Soviet peace committees wholeheartedly hailed the success of the signing of the Soviet-U.S. treaty during the summit. They highly valued the signing of the treaty on the elimination of medium- and short-range nuclear missiles. They agreed that the signing of the treaty was an event of historic significance for it testified to a correct new political line of thinking which has been systematically supported by many socialist countries. The Soviet-U.S. treaty, which will be followed by the reduction of half of the strategic strike weapons and the strict implementation of the ABM Treaty and other measures on the reduction of weapons, will increase the level of security not only in Europe but also in other regions.

The delegations of the Lao and Soviet peace committees stressed the importance of the USSR-U.S. summit. They said that the success of this summit has created important initial conditions for advancing toward the path of the limitation and reduction of nuclear and conventional weapons in the Asia-Pacific region. This success will contribute to finding ways to resolve regional conflicts through political means to consolidate peace and international security. This program was advanced by Comrade Mikhail Gorbachev, general secretary of the CPSU in Vladivostok.

Realizing the existing military threats and the current tension in the Asia-Pacific region, the delegations of the Lao and Soviet peace committees deemed it necessary to utilize all possibilities arising from the USSR-U.S. summit to further strengthen the antiwar and antinuclear movements in this region. The delegations of the peace committees of the two fraternal countries—Laos and the

USSR—highly valued the outcome of their joint activities carried out in 1987 under the atmosphere of the celebration of the 70th anniversary of the Great October Socialist Revolution and of the implementation of the resolution adopted at the Fourth LPRP Congress to build the socialist foundation in Laos and the implementation of the resolution adopted at the 27th CPSU Congress on the restructuring of all aspects of life in the USSR.

The Lao and Soviet delegations expressed satisfaction with the development of friendly relations between the Lao and Soviet peace activists and stressed the joint efforts to further expand fruitful cooperation, especially in the Asia-Pacific region. The two sides noted the importance of the consolidation of cooperation among the peace activists of the socialist countries in the immediate future and the strengthening of joint efforts aimed at developing relations with all peace-loving forces, including in the Asia-Pacific region. The two sides agreed to carry out certain joint cooperation measures in executing work in 1988.

On the afternoon of 23 December, the delegation of the Soviet Committee for the Defense of Peace, led by Comrade Sedykh Nikolay, vice chairman of the said committee, left for home.

During its visit to our country, the delegation paid courtesy calls on our party and state leaders and mass organizations at various levels. It also gave an important lecture on the success of the Soviet-U.S. summit which culminated in the signing of the treaty of the elimination of intermediate- and short-range nuclear missiles from Europe, thus paving an important step for achieving peace in the future.

Leaders Greet Cuban Victory Anniversary

BK020934 Vientiane KPL in English
0907 GMT 2 Jan 88

[Text] Vientiane, January 2 (KPL)—Kaysone Phomvihane, general secretary of the LPRP CC, chairman of the Council of Ministers, and Phoumi Vongvichit, acting-president of the Lao PDR, on December 31 sent national day greetings to Fidel Castro Ruz, first secretary of the Communist Party of Cuba CC, chairman of the State Council and chairman of the Council of Ministers.

The telegramme greeting the 29th anniversary of the victory of the Cuban revolution says that the victory of the Cuban revolution on January 1st 1959 marked the crumbling down of the dictatorship of the Batista, the end of the neo-colonial yoke exercised by American imperialism. The event therefore has opened up a new epoch of independence, freedom and socialist construction for the fraternal Cuban people.

Having praised the multifaceted achievements scored by the Cuban people in national defence and socialist construction under the just and talented leadership of the Communist Party of Cuba in the implementation of the resolutions of the 3rd party congress, the telegramme goes on to say:

"The party, government and people of Laos hail achievements scored by the Cuban people, which they consider as a contribution to the strengthening of socialist community's might and serve the cause of peace and socialism."

"The victories scored in different stages by the Cuban people have raised the prestige of Cuba, on the one hand, and help encourage the people of other nations struggling for national independence, freedom and social progress."

"We are pleased to see that the fraternal relations of friendship, militant solidarity and close cooperations between the parties, government and peoples have continually been further developed."

Phoun Sipaseut, minister for foreign affairs of the Lao PDR, on this occasion, also sent a telegramme of greetings to his Cuban counterpart M. Isidoro Malmierca.

The Lao Women's Association, on this occasion, also sent a telegram of greetings to the Federation of Cuban Women.

Lao Peace Committee Greets Cuban Revolution

*BK051220 Vientiane KPL in English
0950 GMT 5 Jan 87*

[Text] Vientiane, 5 (KPL)—The Lao Peace Committee has cabled a congratulatory message to the Cuban Peace Committee in the occasion of the 29th anniversary of the Cuban revolution.

The message acclaimed the victory gained by the Cuban people in their national safeguarding and socialist building tasks under the leadership of the Communist Party of Cuba headed by General Secretary Fidel Castro.

The message, on the other hand, praised Cuba for having fulfilled its international duty and activities contributed to the struggle of Central American peoples and others in the world for peace, democracy and social progress.

The message wholeheartedly hailed the successes obtained by the party, government, and people of Cuba.

"We highly valued the Cuban Peace Committee's activity for international peace and security and to make the world free from nuclear and chemical weapons," the message added.

The Lao Peace Committee also wished its Cuban counterpart new and still greater successes in the accomplishment of the resolution of the 3rd Congress of the CPC.

On the same occasion, the Lao Front for National Construction CC has also conveyed warm greetings to its Cuban counterpart.

Cabinet Issues Decree on Strategic Goods

*BK030920 Vientiane Domestic Service in Lao
1200 GMT 16 Dec 87*

[Decree issued by the Council of Ministers and signed by Council Chairman Kaysone Phomvihon on state monopoly on purchase and export of strategic goods; dated 19 October 1987)

[Text] To put strategic goods for export under the centralized control of the Central Import-Export Company so as to have adequate supply of strategic goods for delivery to foreign countries in accordance with agreements signed with them, such as with various socialist countries; to reasonably share the benefits derived from the export of strategic goods among the center, provinces, districts, and grass roots; to closely link responsibilities and interests; and to promote the production, the gathering, the purchasing, and the processing of strategic goods, the Council of Ministers has decided the following:

Article 1: Coffee, tobacco, cardamom, benzoin, lac, and logs are classified as strategic goods. The export of logs is to be reduced step by step while the processing of wood for export is to be increased. Gnarled wood must be processed before exporting. Sawed timber of various types, rattan, cattle, wild animals, minerals, and other types of special goods are classified as strategic goods for export under the state's sole export monopoly.

Article 2: Only the Central Export-Import Company, the provincial trading companies, and various enterprises assigned by the state to carry out export of certain types of strategic goods are authorized to export those strategic goods. The provincial trading companies are authorized to collect and purchase various types of strategic goods for export within their provincial boundaries through business contracts directly signed with various cooperatives, producer families, and private sectors acting as purchasing agents for the state. Other economic organizations and private traders are absolutely prohibited from collecting, purchasing, and exporting those types of goods by themselves.

Article 3: General principles: Provincial trading companies and those enterprises producing, collecting, and purchasing strategic goods for export must sell the strategic goods to the center in accordance with the figures as stipulated in the contracts signed between the center and provinces and production bases mentioned in this attached list in a strict manner. The said economic units must guarantee fulfilling the obligation of selling the

strategic goods to the Central Export-Import Company. They are authorized to export the remaining strategic goods by themselves or find other companies to help export it.

The division of benefits derived from the export of the strategic goods for the budgets at each level must rely on the quantity and quality of the strategic goods each locality sells to the state. The state will allow the central and provincial export-import companies to solely collect the export taxes in fixed percentage on other strategic goods for 3 to 5 years by using the exporting prices in foreign currency as the basis for calculation. The state will pay closer attention to selling important types of goods from various socialist countries to provinces, districts, and production bases in accordance with the quantity and quality of the strategic goods as sold to the center by those business units. The profits from export to be gained by the enterprises depend on the wholesale export prices, the capital, and taxes. As for the rate of service charges for exporting and importing assistance given to other units, it depends on an agreement reached between the two sides. All commissions or fines given or paid by foreign companies, if there is any, go to the export-import companies.

Article 4: Division of benefits:

A. The center's income derived from export taxes will be divided in accordance with the following principles:

- 1) 30% will be given to the central budget.
- 2) 68% will be given to the budgets of various provinces and districts. Of this 68%—calculated as 100%—60% will go to the district budget and the other 40% will be given to the provincial budget.
- 3) The other 2% will be given to owners of customs posts which are used as transit points for those goods.

B. In case the provincial trading companies carry out the export by themselves, the export taxes must be divided in accordance with the following proportions: 39% will be given to the provincial budget; 59% to the district budget; and the other 2% to the owner of the customs post used as transit point of those goods.

The export tax customs organization, which is used as the transit point of those goods, is authorized to collect the export taxes at the customs post and then divide them to the budgets at various levels in accordance with the mentioned principles.

Article 5: State export-import companies must implement the trade agreements or contracts signed with foreign countries, including those under the clearing [as heard] form, in accordance with highly efficient business principles and on the basis of structure of each kind of goods in conformity with the concrete availability and requirements in the country.

Article 6: All payments in the export of those strategic goods must be done entirely through the state banks.

Article 7: Any organization, collective enterprise or individual person found in violation of this decree will be fined and liable to light or heavy punishment according to the laws.

Article 8: The minister of trade and the minister of finance are assigned to prepare detailed guidelines for the implementation of this decree. All other ministers, heads of various branches, and chairmen of provincial and municipal administrative committees must urgently publicize this decree to the district and grass-roots levels and then organize for implementation, follow-up, inspection, and review of lessons of the implementation of this decree in a strict manner. All previous regulations which are inconsistent with this decree are superceded. If there is any problem arising from the practical application of this decree, various services concerned are authorized to together discuss it and then ask permission from the Council of Ministers to promulgate an additional decree.

This decree must be simultaneously executed with the Decree No 17/CCM [chairman of the Council of Ministers] dated 19 October 1987 of the Council of Ministers on the setting up of a trading business system from the center down to the local and grass-roots levels. This decree came into effect beginning the date of signature.

[Signed] Kaysone Phomvihane, chairman of the Council of Ministers

[Dated] Vientiane, 19 October 1987

Philippines

Benigno Aquino Murder Trial Continues

PNA Reports Testimony

BK050325 Manila PNA in English 0318 GMT
5 Jan 88

[Text] Manila, Jan 05 (PNA-OANA)—A Philippine Airlines [PAL] employee gave startling testimony on Monday that he saw an Aviation Security Command (Avsecom) soldier shoot former Senator Benigno S. Aquino Jr, a key political opponent of deposed President Marcos, as he was going down the ramp of a China Airlines [CAL] jet on his return from self-exile in the United States.

Jessie Barcelona, 30, broke a 4-year silence to become a surprise witness in the Aquino murder trial, making him the first witness to claim having seen the actual slaying of President Corazon Aquino's husband.

The assassination of Aquino was blamed on alleged communist assassin Rolando Galman who authorities at the time said was killed by Avsecom men after he shot the late opposition leader.

Testifying at the court retrial of the Aquino-Galman double murder case, Barcelona said the "man in white" (Aquino) was probably on the last rung of the stairs and about to step onto the tarmac when the soldier directly behind Aquino pointed a gun at back of his head and then fired.

The bullet's impact threw Aquino a few feet away from the ramp, the eyewitness recounted, adding that pandemonium at once broke out with soldiers scampering away in different directions. According to Barcelona, he was maneuvering his tractor to service the CAL plane when he saw the "man in white" being led down the service stairs by two soldiers.

The triggerman followed close behind them and was situated at a higher level, Barcelona added.

The witness also testified that seconds after the shot that felled Aquino, another shot rang out and when he looked in the direction where the shot came from, he saw a man in blue uniform (Galman) slump down to the tarmac.

The eyewitness said soldiers jumped out of a van nearby and fired successive shots at the "man in blue."

Barcelona, who was brought to the courtroom with seven security guards, did not point out the assailant during his testimony, which was to continue Tuesday.

Court Chief Prosecutor Raul Gonzalez told newsmen later that Barcelona's account indicated the killer was Constable 1st Class Rogelio Moreno, one of the 40 defendants. Barcelona, a PAL employe since 1980, said fear for his life prevented him from testifying in 1984 before the Agrava fact-finding board on the Aquino assassination and before the first court trial of the case in 1985 under the deposed Marcos regime.

The entire proceedings of that first trial as well as the trial court's verdict acquitting all the 26 accused, mostly military men assigned to the Avsecom, were nullified by the Supreme Court in view of official findings that the proceedings were rigged and orchestrated by no less than former President Marcos.

More Eyewitnesses Expected

HK050807 Hong Kong AFP in English 0753 GMT
5 Jan 88

[Text] Manila, Jan 5 (AFP)—Government prosecutors Tuesday said they expected two more eyewitnesses to testify that a soldier murdered Benigno Aquino, President Corazon Aquino's husband, at Manila International Airport in 1983.

They also said they were looking into the possibility of including a former secret police chief, dismissed Colonel Rolando Abadilla, among the 40 people currently on trial for the murder following the first eyewitness testimony.

The first eyewitness, airline maintenance man Jessie Barcelona, Monday told the Manila court trying the case here that he saw a soldier in khaki uniform behind Mr. Aquino shoot him on a stairway leading to the tarmac.

Defense lawyers—who maintain that a gunman hired by communist insurgents killed Mr. Aquino on the tarmac—began cross-examining Mr. Barcelona Tuesday but concentrated on events before and after the August 21, 1983 killing.

No fresh developments emerged Tuesday. His testimony resumes Wednesday.

Chief prosecutor Raul Gonzales said a woman co-passenger of Mr. Aquino who had testified at a nullified earlier trial of the case, and an unidentified new eyewitness, were expected to take the stand later.

Mr. Aquino was returning from three years of self-imposed exile in the United States to challenge his arch-rival Ferdinand Marcos when he was shot.

The murder started a political crisis that eventually toppled the 20-year Marcos regime and installed the slain opposition leader's widow Corazon Aquino as president in February 1986 after a popular revolt.

The airport now bears Mr. Aquino's name.

The co-passenger, businesswoman Rebecca Quijano, had testified at the first trial of the case that she saw from an airplane window a man in khaki uniform aim a gun at Mr. Aquino's nape before a gunshot went off.

The trial however ended in the acquittal of the accused, led by Mr. Marcos' right-hand man, former armed forces chief of staff General Fabian Ver.

After Mr. Marcos and Gen. Ver were forced into Hawaiian exile by the revolt, the supreme court nullified the first trial, saying it had been manipulated by Mr. Marcos to ensure an acquittal.

A total of 36 military men led by Gen. Ver, who is still out of the country, and four civilians including two Marcos cabinet members are on trial for varying degrees of alleged participation in the plot to murder Mr. Aquino.

Mr. Gonzales told the court prosecutors were looking into the possibility of charging the jailed former colonel, Mr. Abadilla, as a co-conspirator in the murder after he was apparently implicated by Mr. Barcelona's testimony Monday.

He said that minutes before the assassination, the witness saw Col. Abadilla at the airport tarmac speaking with Rolando Galman, an ex-convict who was slain on the tarmac and named by the defense as Mr. Aquino's assassin.

The prosecution contends that Mr. Galman was a scapegoat planted by the plotters on the tarmac and shot dead after a soldier shot Mr. Aquino.

Mr. Abadilla, now held in an Army isolation cell on charges of plotting to topple Mrs. Aquino, headed a feared secret police unit during the Marcos years.

Mr. Gonzales said Monday that the killer was one of the accused, Sergeant Rogelio Moreno of the Philippine Constabulary, the same armed forces branch to which Col. Abadilla belonged.

Abadilla May Appear

*HK051103 Quezon City Radyo ng Bayan in Tagalog
1000 GMT 5 Jan 88*

[Text] Regarding the Aquino-Galman double murder case, there is a possibility that former Metrocom [Metropolitan Command] Intelligence and Security Group chief Colonel Rolando Abadilla will be asked to appear before the Sandigangbayan [antigraft court]. This was recommended by the defense counsel in today's cross-examination of surprise witness Jesse Barcelona. Counsel made the recommendation based on Barcelona's testimony, which claims that he saw Abadilla talking with a man in blue identified as Rolando Galman. But Tanodbayan [ombudsman] Justice Raul Gonzales said the court will study whether there is sufficient reason to ask Abadilla to appear at the hearing.

Opposition Accuses Aquino of Funds Misuse

*HK050631 Hong Kong AFP in English 0626 GMT
5 Jan 88*

[Text] Manila, Jan 5 (AFP)—A right-wing opposition group Tuesday accused President Corazon Aquino's administration of using government funds in campaigning for its candidates for the January 18 local elections.

Francisco Tatad, chairman of the Grand Alliance for Democracy (GAD), also told a news conference that Mrs. Aquino and Vice President Salvador Laurel were creating "political dynasties" through relatives running in the polls.

He said administration candidates were making "uninhibited use of government resources", such as money earned by state-run casinos or earmarked for public works, to finance their campaigns.

The GAD leader also condemned the rise of insurgency and election-related violence "without any corresponding action on the part of the government," referring to the 32 people slain since the start of campaigning on December 1.

The GAD is the main Philippine opposition group. Its most prominent member is Senator Juan Ponce Enrile, a bitter rival of Mrs. Aquino.

Mr. Tatad, who served as information minister of deposed president Ferdinand Marcos and failed to win a senate seat in May's congressional polls, predicted that the coming vote "will be the bloodiest and most expensive farce in the history of Philippine elections."

More than 100,000 people are contesting 17,000 positions ranging from provincial governor to town councilor.

Two Parties Form Local Election Alliance

*HK051007 Manila Radio Veritas in Tagalog
0700 GMT 5 Jan 88*

[Text] The Partido ng Bayan [PNB—People's Party], a leftist political group, and the Liberal Party have agreed to form a tactical alliance for the 18 January local elections. North Cotabato PNB member Gregorio Andolala said the alliance is active in various places in the Visayas and Mindanao. He said that before Congress recessed recently, the tactical alliance was formed as a result of an understanding and agreement between the PNB and the Liberal Party on their candidates' joining forces in various places to counter administration and opposition candidates. He pointed to a town in north Cotabato that has a Liberal Party mayor and a vice mayor connected with the PNB. In other parts of the Visayas and Mindanao, PNB members are mayoral candidates and vice mayoral candidates belong to the Liberal Party. As for political expenses, Andolala said these will be shouldered individually, which means both the Liberal Party and the Partido ng Bayan have funds for their political sorties around the country. At present Congress has only two PNB members: Andolala and Venacio Garbuse of Samar. The PNB fielded several candidates in the 11 May congressional elections but only a few won.

Citizen's Group To Assist in Local Polls

*HK050941 Manila Radio Veritas in Tagalog
0700 GMT 5 Jan 88*

[Text] Comelec has approved the application for accreditation of Namfrel [National Citizen's Movement for Free Elections] as the citizens' arm for the local elections on 18 January. In an en banc resolution, Comelec approved Namfrel's petition to ensure that the election will be free, honest, and orderly. Namfrel will not engage in an operation quick count, nor will it be involved in nationwide poll-watching. Instead it will take charge of an education campaign for the coming local polls. Comelec has also allowed Namfrel to set up forums for candidates which will grant each of them time to present their platform for government. Namfrel will have poll watchers only in areas tagged as hot spots by the local election registrars.

Comelec To Hold Hearing on Ilocos Sur Poll

*HK040649 Quezon City Radyo ng Bayan in Tagalog
0400 GMT 4 Jan 88*

[Text] The Comelec will hold a hearing of a petition asking for the postponement of the local election in Ilocos Sur, on Thursday, 7 January. The petition was

made by OIC [officer-in-charge] Governor Anita Lorenzana because of the proliferation of private armies belonging to politicians in that province.

However, Congressman Luis Chavit Singson denies that there are peace and order problems in Ilocos Sur.

[Begin Singson recording] Our province is one of the most peaceful today because the contending mayors are united and under our party. They have pledged to do everything to ensure that the election is a peaceful and clean one. OIC Governor Anita Lorenzana wants the election postponed because she wants to remain in power. Obviously she is calling for a postponement so the candidates in her camp can file for candidacy once again. But the truth is that the place is peaceful and we hope that all those concerned will keep the election clean. [end recording]

Elections Postponed in Mindanao Provinces

*HK041219 Quezon City Radyo ng Bayan in Tagalog
1000 GMT 4 Jan 88*

[Text] Comelec has postponed the local elections in three provinces and cities of Mindanao due to extensive circulation of firearms and a deteriorating political situation which will pose a grave danger to the citizenry. The commission has placed these areas under its control as it has asked the military to assure the safety of the polls on the rescheduled dates. Comelec, in a resolution, rescheduled the local polls in the Province of Maguindano and Cotabato City to 25 January; and in Lanao del Norte, Lanao del Sur, Marawi City, and Iligan City to 1 February. Comelec decided to postpone the polls in these areas owing to an unstable peace and order situation following the recommendations of military and civilian authorities. Here is Tony Valencia for more details:

[Begin recording] The poll body had also postponed the elections in the Provinces of Sulu and Tawitawi before Christmas due to escalating partisan politics. Comelec also hinted that the local polls in North Cotabato and its neighboring provinces will be postponed, also because of the worsening peace and order situation in these areas.

Comelec has received suggestions urging the suspension of the elections in some areas of Luzon and the Visayas. The poll body has been studying the matter seriously and the result will be made known in an en banc session. [end recording]

Election Campaign Violence Intensifies

Death Toll Reaches 48

*HK040533 Hong Kong AFP in English 0511 GMT
4 Jan 88*

[Text] Manila, Jan 4 (AFP)—Gunmen killed two pro-government candidates in the Philippines at the weekend, bringing to at least 31 the death toll in the campaign for local elections, officials said Monday.

Mayoral candidate Ricardo Chua was killed by a gunman Sunday while eating fruit with a family on a house-to-house campaign in central Negros Island, a correspondent on the scene said.

Gabriel Hinolan, a candidate for councillor in Negros, was shot dead on a stage on Saturday by two men, Negros military officials said.

Both belonged to the Liberal Party, a pillar of President Corazon Aquino's ruling coalition.

There were no immediate suspects in the killings, which brought to 19 the total number of administration and opposition candidates killed in the run-up to the January 18 vote. The other fatalities were mainly campaigners.

At least nine candidates have been kidnapped, mostly by communist guerrillas in the north, since campaigning began December 1. Some have been freed.

Unofficial estimates of the campaign death toll have reached 48.

Local elections for thousands of provincial, city and town positions are usually the most heated and violent in the Philippines.

Zamboanga Candidate Killed

*HK030359 Manila Far East Broadcasting Company
in English 2300 GMT 3 Jan 87*

[Text] In Roxas, Zamboanga del Norte, unidentified gunmen shot dead an opposition mayoralty candidate Saturday afternoon at sitio Punasi, barangay Irasan. The victim was identified as former Mayor Inocencio Peras. Peras was killed while campaigning with his Sanguniang Bayan [provincial board] candidates.

Negros Candidate Murdered

*HK050955 Manila Radio Veritas in Tagalog
0700 GMT 5 Jan 88*

[Text] A mayoral candidate in Sipalay, Negros Occidental, was reported shot during a rally at 1600 yesterday at Sitio Camp Valdez in Barangay Mambalto, Sipalay. The candidate, a former mayor, was Rodrigo Chua Andas. He was running under the Liberal Party banner. He was shot in the right side of the chest and was rushed to a medical center in Barangay San Jose, Sipalay, where he was pronounced dead on arrival.

Samar Candidate Killed

*HK040927 Manila Radio Veritas in Tagalog
0700 GMT 4 Jan 88*

[Text] A report from Camp Aguinaldo says that a candidate has been abducted and killed by seven unidentified armed men. The Constabulary Command said Ernesto Legarse y de Asis of Barangay San Jose, a Laban [Lakas ng Bayan—People's Power] candidate for vice

mayor in Patubig town in northern Samar, was kidnapped on Thursday, 31 December. His body, riddled with bullets and stab wounds, was found at 7 am on New Year's Day in his barangay. Elements of the 19th Infantry Battalion of the Philippine Army immediately launched a search for the attackers, who were said to be armed with knives and high-caliber weapons.

Quezon Candidate Abducted

*HK051013 Manila Radio Veritas in Tagalog
0700 GMT 5 Jan 88*

[Text] In Quezon Province, a former OIC [Officer-in-Charge] mayor, identified as Manolo Marquez, was abducted by 10 men believed to belong to the NPA. The incident occurred at 2300 on 3 January. Marquez, a UNIDO-Lakas ng Bansa [United Nationalist Democratic Organization—Nation's Power] candidate, was holding a meeting in Barangay Ginagunan Ibaba, Padre Burgos, Quezon, when he was kidnapped. It is believed the NPA took him to Atimonan town.

Ilocos Candidate Abducted

*HK010608 Baguio City Mountain Province
Broadcasting Company in English 0330 GMT 1 Jan 88*

[Text] Suspected communist rebels kidnapped another candidate for the local elections in Ilocos Norte. The latest victim abducted was identified as lawyer Quezon Alejandro, a candidate for board member in that province. Alejandro was abducted near the Catholic cemetery in Barangay Supidik, Ilocos Norte, at 0940 am Tuesday, in the presence of his two horrified sons and driver.

Quezon Candidate Released

*HK040759 Quezon City Radyo ng Bayan in Tagalog
0600 GMT 4 Jan 88*

[Text] NPA rebels have released a vice mayoral candidate in Quezon after holding him captive for 9 days. The candidate was identified as Felicito Medanilla of San Narciso, Quezon. He was brought to human rights lawyer Ed Abcede, a Quezon gubernatorial candidate. Medanilla was kidnapped on Christmas Day and on New Year's Day Abcede negotiated for his release at the request of the victim's family. An NPA spokesman in Southern Tagalog said they arrested Medanilla because of his active participation in establishing anticommunist vigilante groups in San Narciso.

Military 'Bracing' for MNLF Offensive

*HK311053 Quezon City MALAYA in English
31 Dec 87 p 6*

[Text] A senior military official yesterday said the Armed Forces is bracing for an all-out offensive by Muslim separatist forces to coincide with the February 1988 conference of the Organization of Islamic Countries. [OIC]

Maj. Gen. Eduardo Ermita said the Moro National Liberation Front, with an estimated strength of 8,500 guerillas, is planning to stage renewed attacks against the military to demonstrate its strength and project a favorable image when the 45-nation OIC holds its summit next year in Jordan.

Ermita said the MNLF led by Nur Misuari is seeking recognition by the OIC of the Filipino Muslim as a separate nation.

The military said Misuari has been touring Middle East countries to campaign for the acceptance of the MNLF as full member of the OIC.

Ermita said that in a scale of 1 to 10, the MNLF threat stands between 4 and 5. The threat, however, may become serious when the OIC opens its conference next year, Ermita said.

"They are preparing for resumption of hostilities," Ermita said.

But the efforts of the separatists to be recognized as a nation by the OIC, Ermita said, is being undercut by their own military field commanders who are now engaged in the barter trade and logging business.

Ermita said these rebels turned businessmen want peace in Mindanao to protect their personal interests.

Earlier, Armed Forces chief Gen. Fidel V. Ramos confirmed the three separatist factions—the MNLF, the Moro Islamic Liberation Front and the MNLF-Reformist Group under Salamat Hashim—have signed a unity pact to consolidate their forces.

Ermita, however, said they have received reports that Dimas Pundato, another Muslim leader with control of extensive areas in Lanao and Cotabato, has been "moving around and trying to see how he can help in reviving the stalled peace talks between the MNLF and the government."

MNLF Kills U.S. Logging Firm Workers

*HK050621 Quezon City Radyo ng Bayan in Tagalog
0400 GMT 9 Jan 88*

[Text] Two employees of an American logging company were killed and two others injured when they were attacked by Muslim rebels 2 days ago in a remote town in Misamis Occidental. A military report says 25 workers from the Finlay and Miller Logging Company were riding in a truck when they were attacked by the rebels. According to Army commander Brigadier General Buenaventura Tabo, the MNLF have resumed their attacks as part of their fight for autonomy in Mindanao.

Ramos Urges Reimposition of Death Penalty
HK050639 Quezon City Radyo ng Bayan in Tagalog
0400 GMT 5 Jan 88

[Text] More time is needed to determine whether or not those who included abolition of the death penalty in the Constitution were mistaken. This was the reaction of Congressman Dante Tinga of Taguig, Pateros, after Armed Forces chief General Fidel Ramos urged that the death penalty be imposed for horrendous crimes. Tinga said the death penalty has never deterred those who engage in criminal acts.

[Begin Tinga recording] General Ramos [words indistinct] regrets proposing this [words indistinct] because crime is increasing. We must first try to comprehend the provision in our Constitution prohibiting the death penalty. Our Constitution is still a new one, having been approved by the people only last February. It has not been in effect a full year yet. What I propose is that we study this issue properly [words indistinct] our Constitution. [end recording]

Press Secretary Admits High Corruption Levels
HK041411 Manila PHILIPPINE DAILY INQUIRER
in English 4 Jan 88 pp 1, 7

[Text] Administrative measures are necessary to reduce graft and corruption in the government, Press Secretary Teodoro Benigno said yesterday.

Acknowledging that "very glaring cases of graft and corruption" existed, Benigno also said that erring officials must be punished.

In a radio interview aired last night, Benigno said one necessary measure was to raise the salaries of government employees like policemen to make them less vulnerable to corruption.

Benigno admitted that a high level of graft and corruption persisted in agencies like the Bureau of Internal Revenue, Bureau of Customs and Land Transportation Commission.

He said these agencies had an insatiable appetite for corruption: "Napakatakaw sa pagnanakaw [There is rampant cheating]."

The issue of graft and corruption continues to bedevil the Government even as influential sectors, like the Catholic Church, have expressed dissatisfaction with the Aquino Administration's seeming inability to do something about it.

Among those who have criticized the high levels of corruption was Jaime Cardinal Sin, archbishop of Manila.

Last year, renegade soldiers also brought out the issue of graft and corruption as among their reasons for attempting to overthrow the Government.

\$450 Million Sought From ASEAN Fund
HK050655 Hong Kong AFP in English 0408 GMT
5 Jan 88

[Text] Manila, Jan 5 (AFP)—The Philippines seeks about 450 million dollars from the two billion dollar Japanese Development Fund for ASEAN members, trade department spokesmen said here Tuesday.

The department has drawn up a program under which the 450 million would be loaned out to rehabilitate the cement and food-processing industries and for new agriculture and export-oriented enterprises.

The funds would generate about 13.5 billion pesos (649 million dollars) worth of projects, the spokesmen said.

Among enterprises being looked at is a copper fabrication project, which would be a joint venture between the Philippines and other ASEAN nations.

The two billion dollar fund, pledged by Japan last year to develop the private sectors of the ASEAN member nations of Brunei, Indonesia, Malaysia, Philippines, Singapore and Thailand, will go on a "first-come, first-served basis" to countries which come up with viable project proposals.

Army Issues Statement on 'Renegade' Major
HK041341 Manila THE PHILIPPINE STAR in
English
4 Jan 87 pp 1, 8

[Text] Armed Forces spokesman Col. Oscar Florendo yesterday branded former PC Major Reynaldo Cabauatan as "a desperate loyalist leader, identified with deposed President Marcos, whose efforts has the capability to gain support from various sectors in ruining the capability of the Aquino government and grab power at the same time.

In a press statement, Florendo said Cabauatan should face his peers, and said that the renegade military officer is barking up the wrong tree.

"Cabauatan should be man enough—a soldier enough—to face his peers and present his case before the bar of justice and not slink around in the dark and covered byways, barking like a dog over some imagined fears and doubts," Florendo said.

Florendo reacted to Cabauatan's denial of a press release issued to media offices by the so-called Nationalist Army of the Philippines, warning that the right-wing loyalist forces have been making representations with the communists to establish a tactical alliance.

Cabauatan claimed last week that AFP-PIO [Armed Forces of the Philippines—Public Information Office] was behind the press release but the armed forces denied the accusation, charging in return that loyalist lawyer Oliver Lozano was behind the matter.

Florendo said "Cabauatan has decided to make the AFP-PIO his whipping boy by blaming it for the adverse result that attempts at his political power-grabbing have recently produced." Florendo added that Cabauatan's overtures have been rebuffed consistently by all quarters.

"In his desperate effort to seek support from whatever forces, be it rightist, loyalist or even from the leftist elements, he has gotten his position all muddled up," Florendo pointed out.

Florendo also said that Cabauatan's claim was an attempt to create disinformation among some 50 accredited reporters covering the Department of Defense and military establishments daily.

"It is a good thing that we have more than 50 accredited defense reporters who can testify that I and my office made no such releases that has poor Cabauatan lashing wildly at every imagined enemy."

"Cabauatan speaks of Filipino ideology, or frowning on senseless violence as a means of reform and yet, from the moment he seceded from a legal organization, he has done nothing but inflict violence on the sensibilities, culture and tradition of the Filipino people," Florendo said.

Thailand

Aide Memoire to Laos on Border Problem

Background on Border Conflict

BK050040 Bangkok BANGKOK POST
in English 5 Jan 88 pp 1, 3

[Excerpts] Thailand has demanded that Laos cease military operations and immediately withdraw troops from Thai territory in an aide memoire delivered in Vientiane on January 1.

In the memoire delivered by Thai Ambassador Niran Phanuphong, the Government repeated its call for Vientiane to reexamine the Thai peace proposal "in consideration of the wish of the Laotian people to live in peace and harmony with their Thai brothers".

The move was made in an effort to end two months of fighting over a jungle strip in a conflict which has so far left 19 Thai troops and claimed at least eight Laotians dead. [passage omitted]

Maj Gen Narudon said the ongoing border conflict began on October 31 last year when Lao soldiers intruded 3 kilometres inside Thai territory near Ban Romklao and destroyed vehicles belonging to a logging company.

A clash took place when a Thai patrol was despatched to probe the area, he said.

During November, Lao soldiers took positions on hills identified as 1428, 1182 and 1370.

Each position was reportedly manned by up to 50 soldiers.

Third Army troops then began efforts to repulse the intruders.

Last month, Thai soldiers were able to dislodge the Laotians from most of their positions, Maj Gen Narudon said.

From early December until January 3, the two sides clashed 10 times, Thai positions were shelled on six occasions and Thai soldiers employed landmines 10 times, he said.

The Thai side has cut supply lines to a small number of Lao soldiers remaining on Hill 1428, and the Third Army believed the intruders would be forced out of Thai territory soon, Maj Gen Narudon said.

The Army secretary blamed Vietnam for instigating conflicts between Thailand and Laos.

He said Army Chief Gen Chaalit Yongchaiyut wanted the fighting to be solved through negotiations.

Third Army commander Lt Gen Siri Thiwaphan yesterday briefed a number of commanders of army units on the situation at Ban Romklao. He said the situation was improving.

Casualties sustained by the Thai side were not as high as those in the battle at Chong Bok Pass in Ubon Ratchathani early last year.

Lt Gen Siri said, however, that the number of Thai casualties last Saturday was high because the troops were in open terrain.

'Contents' of Aide Memoire

*BK051236 Bangkok Voice of Free Asia in Thai
1030 GMT 5 Jan 88*

["Contents" of 1 January aide memoire from the Foreign Ministry to the LPDR concerning military clashes on the Thai-Lao Border—read by announcer]

[Text] On 1 January the Foreign Ministry instructed the Thai Embassy in Vientiane to hand an aide memoire to Laos. The following are the contents of the aide memoire.

The armed clashes between Thai and Lao military forces near Ban Rom Klao, Chat Trakan District, Phitsanulok Province are caused by Lao soldiers' violation of Thai territory in the area where Phitsanulok and Loei Provinces meet, resulting in the destruction of tractors belonging to a Thai private company and seizure of seven Thai citizens in late May 1987. Subsequently, the Lao side brought more soldiers and war materials to the area, planted many landmines, and since September has even occupied Hill 1428 which is as far as 2 km inside Thai territory. The Thai military forces tried to avoid clashes with Lao soldiers by warning Lao soldiers repeatedly to cease the above activities and for them to pull back from Thailand's Hill 1428. The Thai side tried to solve the problem in an unhostile manner to avoid escalation of the problem, used restraint, and clarify the facts about the border line in the area where the Lao soldiers were violating Thai territory with the aid of documents in the form of treaties and existing maps, including the one produced by the French during the colonialist days that took advantage of Thailand, as well as the one produced by Laos and presently used by Laos. Those documents clearly show the correct border line in the area. An important indicator of Thailand's friendship is that Thailand has not used the Vientiane agreement, in which both sides agreed not to make accusations against each other, as propaganda against Laos.

By sending its troops to occupy Thai territory and ignoring repeated Thai warnings and simultaneously slandering Thailand in various arenas, including the United Nations, to the effect that it was a victim of Thai bullying, the Lao actions are unreasonable and demonstrate Laos' ill intentions that run counter to the desire of the Thai and Lao people for peace and tranquillity. The Thai Government strongly condemns those who harbor ill intentions toward Thailand and demands that the Lao Government immediately cease such activities.

By sending its soldiers to occupy Thai territory and simultaneously demanding negotiation to solve the problem, the Thai side finds such actions by the Lao Government unacceptable. If the Lao side is sincere about solving the problem, the way to answer the wishes of both sides is to cease military activities and withdraw the Lao military forces from Thai territory.

Good Thai-Lao relations will benefit the peoples of both countries in the long run. The Thai Government has never rejected dialogue with Laos and earnestly tried to make past negotiations achieve concrete success, but it is regrettable that the past two high level meetings between the two countries in May 1986 and March 1987 were undermined by Laos which repeatedly exploited them for propaganda, despite the agreement reached in Vientiane in November 1986 for both sides to refrain from slandering each other in the media.

In any event, the Thai side would be pleased to hold talks with Laos to achieve concrete results, but not for the sake of having such talks and having them used to worsen relations between the two countries as was the case in the past. Therefore, the Thai side has proposed a high level Thai-Lao talks in the framework which will ensure success. But it is regrettable that the Lao side has rejected the said constructive proposal based on sincerity on the part of Thailand. The Thai side repeats its appeal for Laos to rid itself of stubbornness and thoroughly study Thailand's constructive proposal once again in the interest of the wishes of the Lao people for peaceful coexistence with their Thai brothers.

Army Chief of Staff Comments

*BK051022 Bangkok Domestic Service in English
0000 GMT 4 Jan 88*

[Text] The joint Laotian troops involved in current fighting at the Thai-Lao border in Chat Trakan District of Phisanulok Province in the north are sustaining heavy casualties. Army Chief of Staff General Charuai Wongsayan quoted the latest field report as showing that Thai troops had recaptured 90% of the strategic hill, one of the three border hills claimed by both countries. Describing the situation as much improved, Gen Charuai was optimistic that all Laotian intruders would be driven out soon if Laos did not send in more reinforcements. He said Laos should be more reasonable as the Thai Foreign Ministry has provided French, American, and Lao maps showing that the disputed area is inside Thailand.

Meanwhile, Armed Forces Chief of Staff General Sunthon Khongsomphon said the Army will continue its efforts to repel the intruders until it completely recaptures Thai territory while the Foreign Ministry is seeking a settlement through negotiations.

Ministers Discuss Dispute

*BK050831 Bangkok Domestic Service in Thai
0530 GMT 5 Jan 88*

[Text] Regarding the border dispute between Thailand and Laos that has resulted in armed clashes, the Foreign Ministry is working hard to bring about negotiations on the matter. Minister Attached to the Prime Minister's Office Arun Phanuphong, who will be the Thai negotiator on this important issue, told this to correspondents at Government House before attending the cabinet meeting this morning:

[Begin Arun recording] I have been informed of this matter constantly.

[First correspondent] Has there been any progress as to the site of a negotiation?

[Arun] Not yet, it is up to the Foreign Ministry to decide on this matter. I am just what you would call the negotiator. The Foreign Ministry sets the time, site, or topics of the negotiation. [end recording]

As for the Foreign Ministry, it has done everything to try to halt the incident [border dispute] and has forwarded factual data to inform the UN secretary general. Foreign Minister Air Chief Marshal Sitthi Sawetsila said to correspondents on the same occasion:

[Begin Sitthi recording] On 1 January we submitted an aide memoire about how the incident occurred, and we have not protested to anyone after the occurrence of the incident. We regarded it as an ordinary incident. But we reiterated that it [the disputed area] is in our territory and that if another round of talks is to take place, it must be preceded by a cease-fire and withdrawal of soldiers from the area. They [the Lao side] have resorted to propaganda.

[Second correspondent] Yes, and they distributed leaflets too.

[Sitthi] Where?

[Second correspondent] Near...

[Sitthi, interrupting] I am not aware of that.

[Second correspondent] There were reports...

[Sitthi, interrupting] We are now in the process of sending information to the UN secretary general because he sent me a telegram asking for a halt to the fighting (?on both sides of) the Thai-Lao border. We will reply [to the telegram] that we did not initiate the incident but the other side did. The difficult thing is that we did not intend to do anything to it [Laos] but they came to us and claimed that the area belonged to them.

[Third correspondent] Has the Lao side given any indication of a third round of talks?

[Sitthi] On 1 January we made a proposal along the principle that Minister Arun insisted, because we must have an agenda and attacks must cease before the talks. We can then discuss the site of the talks—in our territory or even in a third country. It is possible that different parts of the meeting might be held both in Laos and in Thailand. This is our latest position.

[Third correspondent] They have not responded, correct?

[Sitthi] No, they have not.

[Fourth correspondent] Did we send our (?aide memoire) on 1 January?

[Sitthi] About the aide memoire, the telex came during the holiday and when it came I urged our officials to issue an aide memoire, which was finished on 30 December and was delivered by our ambassador to the Lao side. The Lao side gave a verbal reply to it but we do not regard it as an official reply. [end recording]

Regarding the Defense Ministry, it assured that based on the brotherly spirit between Thailand and Laos, it did not want the incident to become too violent and wanted to save on both the government budget expense and manpower. Defense Air Chief Marshal Phaniang Kantarat said this to correspondents this morning:

[Begin Phaniang recording] The Lao side tries to substantiate its claim with faulty maps. It has used these faulty maps repeatedly.

[Correspondent] Will there be negotiations at the government level?

[Phaniang] The Foreign Ministry is working on a negotiation. The matter does not concern the military.

[Correspondent] The Lao forces in our territory reportedly received reinforcements.

[Phaniang] That I am not afraid of.

[Correspondent] Specialists from socialist countries support...

[Phaniang, interrupting] I am not afraid of that; it is nothing to worry about.

[Second correspondent] Should the soldiers deal with the issue in drastic manner?

[Phaniang] That can be done but heavy casualties will result, so we will resort to measures that save money and manpower. Thai and Lao people are brothers.

[Correspondent] [Question indistinct]

[Phaniang] We do not want to be too violent because it would be killing Lao people who are like our brothers. It would be best to use other measures but the intruders must not stay in Thai territory, they must be pushed out. [end recording]

CPM Requests More Time To Consider Proposal
BK020917 Bangkok Voice of Free Asia in English
1500 GMT 1 Jan 88

[Text] The Communist Party of Malaya [CPM] has requested more time to consider the Army's proposal for them to stop their armed struggle in exchange for official permission to settle permanently on Thai soil.

Army sources said the CPM has requested another month before giving its response. They also said another round of peace talks had been held recently along the border of this province [Yala], where about 400 CPM guerrillas are reportedly still active.

The sources added that the CPM was uncertain about government policy. They asked many questions on government policy and have expressed fears that they may be sent back to Malaysia, one source said.

Earlier in April, about 600 CPM members had agreed to stop their armed struggle and were allowed to settle in the border area. The government has stated that CPM members who give up their arms will not be sent back.

Vietnam

NHAN DAN Reviews Cambodia Dialogue Trends
BK040557 Hanoi Domestic Service in Vietnamese
1430 GMT 3 Jan 88

[NHAN DAN 2 January unattributed "article": "The Three Important Points of Time of the Dialogue"]

[Text] A fresh wind is blowing in this normally sultry Southeast Asian region. For the first time ever a dialogue took place between the two groups of nations—ASEAN and Indochina. Also, for the first time, a historic meeting was held between Hun Sen, chairman of the PRK Council of Ministers, and Prince Sihanouk. Together with its 4 December 1987 communique, the meeting marked a major turning point in the negotiations aimed at seeking a political solution to the Cambodia issue and the problem of peace and stability in Southeast Asia.

What caused this important change? It can be said that in mid-1987 the world situation underwent positive developments, creating the possibility of breaking the deadlock in the Cambodia and Southeast Asia issue that had lasted for more than 8 years. Three factors of great significance helped bring about these developments. First, the staunch struggle of the fraternal Cambodian people in the past years under the correct leadership of the party and the PRK had achieved sweeping victories. The PRK had steadily developed in all respects, its international prestige had constantly increased. The victories it had won in previous years, especially in the 1984-85 dry season, triggered a serious decline in the opposition groups' armed forces.

The enemy's attempt to use military means to turn the table in Cambodia fell through. A very important, new situation materialized. The annual partial withdrawal of Vietnamese Army volunteers from Cambodia, with a complete pullout to be achieved by 1990, has shown that the situation in Cambodia is becoming increasingly stable and is irreversible.

Second, the PRK's consistent political line, originating from goodwill and a high sense of responsibility for the nation's destiny, responded to the people's profound aspirations. Together with the three Indochinese countries' important peace initiatives, it won the approval and support of large sections of public opinion throughout the world, opening up the possibility of achieving national reconciliation in Cambodia as the correct way to solve the Cambodia issue and to ensure peace and stability in Southeast Asia.

Third, with the trend of dialogue being promoted worldwide, the changes taking place along the aforementioned positive line had a strong impact on the situation in Southeast Asia. In various countries in the region the understanding gradually began to take hold that the Cambodia issue could be solved by political measures and through negotiations on the basis of equality and in conformity with the interests of each party concerned and of peace and stability in Southeast Asia and the rest of the world.

The goodwill policy of dialogue has chalked up an important victory over the confrontation policy in the region. In 1987, the path to a solution to the Cambodia issue and the question of peace and stability in Southeast Asia were marked by three important events.

The first event occurred during the last days of July 1987 when the meeting between Indonesian Foreign Minister Mokhtar Kusumaatmaja, representing the ASEAN countries, and Vietnamese Foreign Minister Nguyen Co Thach, speaking for the Indochinese countries, took place. The Vietnam-Indonesia joint communique issued in Ho Chi Minh City on 29 July 1987 clearly stated: The two sides have reached an understanding that the cocktail party to be held according to Indonesia's initiative will be an informal meeting between the two Cambodian sides on an equal footing, no preconditions, and no political labels.

The second event occurred in fall 1987 when the PRK Government made public two important documents: the 27 August statement on the national reconciliation policy and the 8 October statement on a political solution to the Cambodia issue. These documents, which reflected the lofty interests and profound aspirations of the Cambodian people, both at home and abroad, who long for national reconciliation and do not want a return of the genocidal Pol Pot regime, paved the way for negotiations between the parties concerned to achieve national reconciliation and rebuild the country in peace, independence, neutrality, and prosperity.

The third and most noteworthy point occurred in early December 1987 with the meeting between Comrade Hun Sen and Prince Sihanouk and its four-point joint communique, which embodied the national reconciliation policy and the constructive spirit of both Cambodian sides to settle the Cambodia issue peacefully. The important thing is that this particularly significant communique affirmed that the Cambodia issue must absolutely be solved by the Cambodian people themselves through negotiations to be held between the parties concerned in order to achieve national reconciliation and to rebuild the country in peace, independence, neutrality, and prosperity.

The sixth withdrawal of Vietnamese Army volunteers from Cambodia in November 1987, the largest pullout to date, proved the strength of the revolutionary administration and the revolutionary armed forces of Cambodia and reflected the considerable goodwill of the SRV and the PRK, who really wish to achieve an early political solution to the Cambodia issue.

In the last days of 1987, the summit conference of the six ASEAN countries in Manila, capital of the Philippines, affirmed their determination to establish, at an early date, a nuclear-free zone and to make Southeast Asia a region of peace, freedom, and neutrality. The conference welcomed the meeting between Prince Sihanouk and Chairman Hun Sen and expressed its wish that the Cambodia issue be solved by political means. This shows the impact of the new factors and new trends in Southeast Asia on the promotion of a dialogue aimed at solving the outstanding problems in the region. The major changes in Southeast Asia last year were very important initial steps that had a far-reaching effect on the process of solving the Cambodia issue by political means in response to the legitimate aspirations of the Cambodian people and the Indochinese people as whole. This conforms with the earnest wish of more than 400 million people in the region to live in a peaceful, stable, friendly, and cooperative Southeast Asia. It also corresponds with the interest of peace and security the world over.

However, the road to these objectives is not smooth. It is still strewn with complexities and difficulties. The hostile forces will not accept defeat passively, but will seek by all means to raise obstacles. This requires that everyone uphold vigilance and persistently step up the struggle for a fair and reasonable solution to the Cambodia issue and the question of peace and stability in Southeast Asia.

The meeting between Comrade Hun Sen and Prince Sihanouk will be resumed in 1988. The wind of dialogue is continuing to blow.

Southerners Learn Russian To Watch Soviet TV
BK041608 Hanoi VNA in English 1453 GMT
4 Jan 88

[Text] Hanoi VNA Jan. 4—More than 130,000 people are learning Russian in Ho Chi Minh City. The number

has increased noticeably since the EKLAN (SCREAN) programmes of the Soviet television intended for the Far-East began in November 1987.

To meet this increasing need of the population the Pushkin Institute, which was founded in October 1986, has made great efforts to help educational workers of the city and other southern provinces improve their Russian teaching methods. Refresher courses for teachers of Russian and courses for Russian translators and interpreters have been opened successively at the institute.

Most recently, a conference on "methods to teach Russian in South Vietnam" was held at the Institute for Teachers of Russian to exchange experiences in overcoming limitations in teaching and learning Russian.

Pham Hung Addresses Cadre Conference
BK291415 Hanoi NHAN DAN in Vietnamese
14 Dec 87 pp 1, 4

[Passages in boldface as published]

[Text] The Council of Ministers recently held a national conference of cadres to study "the Council of Ministers Decision on various policies concerning the renovation of planning and socialist accounting and business in state enterprises." Comrade Pham Hung, member of the CPV Central Committee Political Bureau and chairman of the Council of Ministers, expressed his views at the conference. Following is the full text of this address:

Today I would like to make some suggestions to provide you, comrades, with further ideas for you to ponder, study, and discuss at this conference and in your work and activities in the days ahead when you have returned to your localities and grass-roots units.

This conference assumes great significance. The Council of Ministers decision and the attached guiding documents which you are studying are a further concretization of the Resolution of the Third Party Central Committee Plenum on renovating the mechanism of economic management according to the spirit of the sixth Party Congress Resolution. These documents defined the contents of renovation of the management mechanism in state enterprises in accordance with upholding the responsibility and the right to autonomy of state enterprises in production and business; abolishing the mode of management and economic work based on bureaucratic centralism, subsidies and lack of efficiency; and switching the activities of state enterprises into the sphere of the socialist accounting and business system. This is part and parcel of the entire process of renovating the mechanism of economic management in our country.

At present the party and state are urgently preparing for the subsequent promulgation of various policies on renovating the management mechanism of agriculture,

forestry, fishery, and of the collective, individual, private, and family economies. At the same time, they will continue to renovate state management in the economic field. However, we should clearly realize that in the entire process of this renovation of the management mechanism, the renovation of the state enterprises' activities is of particular importance. **State Enterprises Play the Leading Role in the Economy** [subhead]

The state economic enterprises include production and production service sectors which occupy strategic positions and play the leading role in the economy. They are in charge of producing the most important industrial products. The state enterprises are currently the managers and users of considerable amounts of fixed assets comprising the most modern and valuable material and technical bases of the country built by our people through many years of saving. These enterprises are also managing, utilizing, or responsible for organizing the circulation of the bulk of locally-produced industrial and agricultural products and materials, goods, and equipment—worth billions of rubles/dollars imported annually from foreign countries. Concentrated in the state enterprises is the strength of technical cadres and workers of a very high standard. The source of accumulation generated by these enterprises is the biggest source of income for the state budget.

In sum, through their activities, the system of state enterprises in various domains, from production to circulation, shoulder very weighty and great tasks: managing and utilizing the wealth of the entire people, responding to, and serving the needs of, society, achieving socialist accumulation, and carrying out the party's political tasks and socioeconomic policies.

Inefficient Production Operations Cannot Be Allowed To Drag On [subhead]

We need no explanation to understand that the state enterprises can fulfill the aforementioned heavy tasks only if they carry out their production and business activities with high quality and efficiency. However, for many reasons, at present, aside from some enterprises which have achieved fairly high efficiency in production, most of the state enterprises still show very low efficiency in production and business. This state of affairs is nothing new, but what I would like to emphasize to you is that the low efficiency of the economy, first of all of the system of state economy, which has lasted for several years, has piled up very severe consequences, so much so that it is now impossible for the economy to endure any longer and for us to accept the prolonging of this situation.

To enable all of us to realize the seriousness of the actual situation, I would like to cite one typical example: If we subtract from the total budget revenue derived from the profits of the state economic sector the expenses not fully included in production costs and circulation fees of the state enterprises (because we still keep at a very low level

the selling prices of materials and the ratio of fixed assets depreciation and because the payments of losses incurred in selling goods at state-supply prices are not fully reflected in wages), we will see that the remaining sum is very small indeed. In other words, the source of revenue of the state budget coming from the state economic sector is totally incommensurate with the labor potentials and material resources which this sector is using. Of course, in areas ranging from production to distribution and circulation, this is not a weakness and deficiency in the state enterprises alone, but also in our entire system of management. If this state of affairs is allowed to continue, we will not be able to check the inflationary trend, to ensure the people's livelihood step by step, and to accumulate capital for the cause of socialist industrialization.

What were the causes of this state of affairs? There were many causes, both objective and subjective. There were also historical causes which have existed for several years. And the special causes in the case of each individual enterprise also differ. However, as the Second Plenum of the party Central Committee noted, the chief cause, at the same time deep-seated and direct, was the fact that we have maintained for too long a management mechanism based on bureaucratic centralism and subsidies and a method of economic building at variance with the economic laws. In this mechanism of management, on the one hand, the enterprises were tied up in many respects and lacked the necessary autonomy to organize production and business in a dynamic fashion; on the other hand, accounting was only practiced perfunctorily and, in reality, the enterprises were not held responsible for the economic efficiency of their own production and business activities. Moreover, since the interests of the enterprises themselves did not depend to any significant extent on this efficiency, the enterprises did not pay attention to it, neither were they themselves devoted to increasing it. On the contrary, they were only used to relying and depending on state subsidies.

Definitely Switch to the Sphere of the Socialist Accounting and Business System, Grant Broad Autonomy to Enterprises [subhead]

Because of the aforementioned reasons, one of the most decisive factors to in ensuring the successful achievement of the socioeconomic targets and tasks for 1988 and the 3-year 1988-90 period,—namely, to check inflation and stabilize step by step the socioeconomic situation in all respects—is that we must make every effort to switch the activities of the economy, especially those of the state economic sector—of which enterprises constitute the most vital link—to the sphere of the socialist accounting and business system.

Simply put, this means that the state will grant broad autonomy to the enterprises and at the same time it will strictly demand that the enterprises carry out production

work with greater efficiency. Accounting must be practiced more substantially. On the basis of a full accounting of all production expenses and a correct computation of prices and wages, the enterprises must determine whether they have made a profit or a loss. They must cover their own expenses and ensure the sources of budget revenue. The income and welfare of the cadres and workers of each enterprise will directly depend to a large extent on the production and business efficiency of the enterprise itself. If an enterprise works well, highly efficient workers will enjoy higher income. If it works poorly and incurs losses, its workers will receive lower income. If an enterprise is chronically in the red due to its poor performance, corrective measures must be applied, or even dissolution must be considered.

Naturally, the complete switch to these principles must go through a proper process with adequate preparations and appropriate steps. It is impossible to do everything all at once. Some tasks still have to be carried out on an experimental basis first to gain experience before they are ready for wider application. However, the situation does not allow any more procrastination; it demands marked changes from 1988 onward. While on this subject, I would like to add, that without a drastic switch to a mode of production which includes meticulous calculation of economic efficiency, our enterprises will not be able to make the most of the new favorable conditions created by our broader economic relations with the Soviet Union and other countries in the days ahead. This is because economic cooperation must be achieved on the basis of mutual benefit and a fair deal. In the trend of broadening direct relations between our enterprises and foreign enterprises, you are the ones who will directly and clearly see this requirement yourselves in your dealings with friendly countries' enterprises. However, if we carry out production efficiently we will overcome the immediate difficulties and have additional conditions for more vigorous development.

Great Challenge, Equally Great Potentials

Switching to the socialist accounting and business system will be a major and tough challenge for the enterprises. While they have to accept the practice of an accurate and full calculation of their production expenses, the enterprises still have to fulfill the obligation of contributing to the budget. Depending on the kinds of goods, the enterprises may be more or less flexible in making decisions concerning the selling prices of products, but, as a rule, they are not allowed to sell at prices which are higher than those prevailing at each specific point of time on the social market.... These are very exacting demands, but we have no other choice. The enterprises still have considerable potentials that definitely can, and must, be exploited. These potentials are reflected in the fact that supply consumption norms in many enterprises remain quite unreasonable and much higher (at times 50% or even 100% more) than the norms

applied in the prewar years; and in the fact that personnel only indirectly engaged in production in many sectors currently account for up to about 20% of the work force; that many enterprises are operating at only about 40-50% of their design capacity; that unjustified expenditures and losses of supplies and property incurred in the production process remain serious in many places; that capital management is still lax and capital turnaround rate is slow; and that the capabilities to diversify the range of goods, increase the quality and value of products, and apply technical advances are not fully exploited. In all of these respects, the difference in performance between the inefficient enterprises and the advanced ones or efficient collective or private production units show that the potentials that can still be exploited are very great indeed. While a number of enterprises that can buy materials from the state at low prices are still operating at a loss and demanding that the state allow them to sell products at higher than free-market prices, not a few enterprises which rely on self-procured highly-priced raw materials and supplies still make profits, fulfill their obligation to make financial contributions to the state, and continue to develop. These are vivid examples of efficiency.

State Management Organs Must Change Their Work Style And Properly Perform Their State Management Functions [subhead]

It goes without saying that to allow the enterprises to satisfactorily they must have greater autonomy in making decisions concerning their own affairs—including planning, production project selection, application of technical advances, supply procurement, signing of bork contracts, production organization, signing of sale contracts, and participation in the price-setting process—and in deciding on the distribution of income, the use of various funds, and the conducts of relations with foreign countries, and so forth. For this reason, all organs of state management, from the general agencies to the ministries and sectors in charge of production management, must change their work style accordingly and properly perform their state managerial functions in the economic field. Especially, they must enhance the study and formulation of economic strategies and long-term plans, disseminate economic information, give guidance in business operations, devise systems and policies, satisfactorily draw experience from review of past work and disseminate such experience, and strengthen inspection and control work. We should overcome the direct interference of the various ministries and sectors in the professional management process of the enterprises. The state organs' responsibility is by no means diminished as the enterprises switch to the accounting and business system; but their work style must be changed.

This time around the Standing Committee of the Council of Ministers has instructed the ministries to make an effort to stick to the spirit of the resolutions of the sixth party congress and of the various party Central Committee plenums. They must proceed from the real situation

and strive to find a satisfactory solution to the aforementioned problems while drafting documents to institutionalize the new management mechanism for the enterprises. However, you comrades will be the first to implement such documents, and as you understand better than anyone else the requirements and demands of the enterprises as well as their difficulties and potentials, you can surely make numerous appropriate suggestions to supplement and amend these documents.

I hope that the opinions I have just expressed would help you understand better the country's pressing demands from all of us in the renovation and enhancement of efficiency in all domains, particularly in the field of production and business. On this basis, I hope that you conferees will contribute many good suggestions to perfecting the documents presented by the government at this conference, and that you yourselves will ponder on the efforts to be made and on the need to renovate the ways of doing things in your units, sectors, and localities.

Renovation is an appealing cause, but also a very difficult one. We are not aiming for perfection, and if any more mistakes are made, we will correct them again. The direction in which we are heading is right and in conformity with the trend of our times. If we are united and single-minded, success will certainly be ours.

Socioeconomic Situation in 1987 Reviewed
BK010336 Hanoi International Service in English
1000 GMT 31 Dec 87

[“Talk of the Week” feature]

[Text] For the Vietnamese people, 1987 has been a memorable year. It is the first year of implementing the important tasks put forward by the Sixth Congress of the CPV held in December 1986. Renewal has become a watchword, an objective for all Vietnamese. Better conditions have been created for all to contribute suggestions and actions to every work related to national building. Democracy and openness have not become a motto but a fact of life.

The year 1987 also saw the adoption of three resolutions of the party, mainly the second resolution on urgent matters related to the distribution and circulation of commodities, the third resolution on renewing the mechanism of management, and the fourth resolution on fundamental tasks and trend regarding socioeconomic development in the next 3 years. These resolutions have paved the way for initial changes for the better in the economic life of the country. In today's additional “Talk of the Week” we bring you an overview of the economic situation in Vietnam in 1987.

As a well-known economist has remarked, all through 1987 economic imbalances remained serious and difficulties were numerous. However, many a locality succeeded in bringing into full play their right to autonomy

in production and creating positive factors. Many experiences have been drawn on how best to boost production as well as business transactions.

General Secretary of the CPV Nguyen Van Linh remarked: We have begun to change and are determined to change. This is what matters. Generally speaking, the party leader added, we have seen the way out. This encourages us and gives us confidence, which is most essential and necessary to us for the time being.

Vo Van Kiet, vice chairman of the Council of Ministers, said in a report to the National Assembly held in late December that food production in 1987 did not increase while the population continued to grow. This caused the food output per capita to fall. However, agricultural production has made headway, especially in the development of industrial crops such as groundnuts, jute, and beans, and in planting anew such long-term plants as rubber and coffee plants.

It is important to recall the adoption of policies encouraging the private and household sectors of economy. In industry, though importation was limited, many production units at the grass-roots level, through various forms of joint venture and application of scientific and technical advances, maintained and even developed production. In comparison with 1986, total industrial output value was up by about 7% including an 8% increase in the production of consumers goods.

Naturally, the overall economic picture of Vietnam is far from bright and it takes time to abolish the long-established mechanism of management based on state subsidies. Also there are problems to be solved such as the quality of goods, the pricing policy which is to be changed to encourage production. However, the initial movement in many units allows us to have confidence in a better performance in the future. In the southern provinces, several production and business units have done well in solving such problems. The Tan Dinh Enterprise is an instance of this. Its managers have known how to use the potentials of the enterprise and locality in manpower and available materials. The Tan Dinh Enterprise has been a famous producer and exporter of several commodities ranging from toothpaste to silk and seafood products. The processing workshop under the Farm Products Company for Export in Ho Chi Minh City has become famous with an annual turnover estimated at millions of dollars and with its expansion of business undertaking through export of traditional Vietnamese food. And it is hoped that the investment law just adopted by the National Assembly will be welcome abroad.

Likewise, in the sociocultural and other aspects, it is interesting to note the meeting characterized by straightforwardness between the Party Leader Nguyen Van Linh and some 200 writers and artists in the Vietnamese

capital. One sees that several works of art created in 1987 are permeated with a new spirit. People tend to be more open and frank in criticizing the old ways of doing things and in supporting the new.

The year 1987 also saw the continued struggle against negative phenomena and to purify the party and state apparatus and for healthy social relations. In this struggle the mass media played an important role. Joining this process of renewal, other branches and services such as education and public health and science and technology have all pointed out the strong as well as weak points of themselves and proposed appropriate solutions.

The practice of thrift was another feature worth mentioning. The state has devised several policies to carry out thrift in life and productive labor.

The year 1987 is ending and a new year is coming. Life in Vietnam is still hard and difficulties are numerous. The Vietnamese people have to make yet greater efforts to stabilize and develop the economy. However, all Vietnamese believe that what they have gained in the past year have created the premises for the coming year 1988.

Vo Chi Cong Sends New Year's Greetings
*BK311606 Hanoi VNA in English 1507 GMT
31 Dec 87*

[Text] Hanoi VNA Dec. 31—President of the State Council, Vo Chi Cong, has sent new year greetings to the entire people and Army.

The open letter notes that the entire people and Army of Vietnam have over the past year overcome numerous difficulties and hardships, won many achievements in working and fighting, and begun to embark on socio-economic development along the line of renovation laid down by the 6th Congress of the Communist Party of Vietnam.

"The new progress and active factors made by the entire Vietnamese party and people in 1987 have given us good experience and confidence in the further stabilization of the socio-economic situation in the new year," the letter notes.

"On behalf of the party and the state I warmly commend the Vietnamese people and army for upholding the glorious national tradition of hard working and valiant fighting for national construction and defence, of internationalist commitment, thus actively contributing to safeguarding peace in Southeast Asia and elsewhere in the world."

The letter thanks the people from the Soviet Union, Laos, Kampuchea and people in the other socialist countries and friends all over the world for their precious support and assistance to the Vietnamese people.

Mai Chi Tho Sends Letter to Security Force
*BK030730 Hanoi Domestic Service in Vietnamese
1100 GMT 1 Jan 88*

[Text] On the occasion of the 1988 new year, Comrade Mai Chi Tho, member of the CPV Central Committee Political Bureau and interior minister, sent a letter to all the People's Public Security Force.

The letter pointed out: Last year, in the light of the sixth party congress resolution, the People's Public Security Force began to show some initial changes for the better in their stands and viewpoints, renovated some aspects of its work and combat activities, overcame its mistakes and shortcomings more scrupulously and expeditiously, and reduced formalities and procedures which were troublesome to the people. Many examples of devotion to duty and courage in combat have emerged in the course of the force's service to the party and people, thereby enabling it to satisfactorily fulfill its tasks.

Entering the new year, in the light of the Political Bureau resolution on public security work and of the regulation on People's Public Security Force promulgated by the Council of State, let the entire public security force further uphold its will to overcome difficulties and its determination and confidence, carry out more extensive renovation in its work and combat activities, build up its strength, improve its work style, unite with the people, maintain close contact with the grassroots, step up the strengthening of organization and the streamlining of its staff, reorganize its ranks, actively rectify its shortcomings, and cultivate virtues in accordance with Uncle Ho's teachings in order to satisfactorily fulfill its tasks.

Army Units Join Party Purification Campaign
*BK051050 Hanoi Domestic Service in Vietnamese
1400 GMT 4 Jan 88*

[Text] The entire Army is now engaged in the campaign to purify the party organization and state machinery and enhance their militancy as well as to ameliorate social relations.

To date, the Executive Committees of all party organizations directly subordinate to the party committee of the Military Commission of the party Central Committee have almost finished studying the resolution of the Political Bureau, the directive of the party Central Committee Secretariat, the resolution of the party Central Committee Military Commission, the guiding documents of various organs and sectors at the central level, and all directives and guidances of the Political General Department.

On the basis of thoroughly understanding all documents of the campaign, all party committees have issued resolutions on directing, organizing, launching, and conducting the campaign at their levels. More than two-thirds of

the key units directly subordinate to the Ministry of National Defense have held conferences of cadres to disseminate the resolutions to the lower echelons.

Meanwhile, a propaganda drive on the spirit and substance of the campaign has been launched extensively in the entire Army. Those units concerned have reviewed all the remaining violations and assigned cadres as planned. They have also prepared all essential documents well in advance for the campaign.

To lend a helping hand to the party Central Committee Military Commission, the Political General Department has directly guided four pilot units and mobilized various subordinate organs, especially those pilot units, to be in constant charge of the tasks of observing, supervising, and evaluating the results of the campaign in every step in the entire Army. This is aimed at promptly drawing on experience and issuing notices for joint guidance.

After studying and seeking a thorough understanding of various documents of the campaign at the party committee level directly subordinate to the party committee of

the Military Commission of the party Central Committee, all party committee echelons and key leading and commanding cadres have realized that the launching of the campaign is very necessary and will satisfy the aspirations of many cadres, party members, combatants, workers, and civil servants of the ministry of national defense. At the same, they have seen the difficulties that must be overcome in order to satisfactorily carry out all assigned duties and, on that basis, clearly define responsibilities in preparing for and organizing the launching of the campaign.

All echelons have reassessed the situation of their party organizations and units along with arranging and streamlining the contingent of key leading and commanding cadres before embarking on the campaign. They have also continued investigating judiciously all violations of military discipline and state law to deal with them promptly while beginning to adjust organizational work, deploy forces, establish authority and regulations in accordance with the system of leadership applied to the Army by the party.

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